

MT LEGISLATIVE HISTORY

Chapter 617 19 81

Bill (H) 718 S _____

Original bill & hist. ☒ C

H. Committee on Natural Resources

S. Committee on Taxation

Hearing Date(s) FEB 20 ☒ C

Hearing Date(s) APR 26 ☒ C

MAR 25 ☒ C

APR 14 ☒ C

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_____ C

Date Out _____ C

_____ C

Did this bill originate in an interim committee? ☐ Yes ☐ No

Committee _____

Report _____

HOUSE BILL NO. 713

INTRODUCED BY ELLISON, McLANE, MARKS, CURTISS, CONROY,
MOORE, UNDERDAL, SEIFERT, HEMSTAD, BURNETT, SCHULTZ,
KANDUCH, ASAY, PHILLIPS, ERNST, STOBIE, C. SMITH,
DEVLIN, WINSLOW, THOFT, DONALDSON, JENSEN, MATSKO,
FEDA, QUILICI, PAVLOVICH, ELLERD, SPILKER

IN THE HOUSE

February 11, 1981	Introduced and referred to Committee on Natural Resources.
February 13, 1981	Fiscal note requested.
February 18, 1981	Fiscal note returned.
March 27, 1981	Committee recommend bill do pass as amended. Report adopted.
March 23, 1981	Bill printed and placed on members' desks. Second reading, pass consideration.
March 30, 1981	Second reading, pass consideration. On motion rules suspended and bill allowed to be transmitted by the 75th day. Motion adopted.
April 1, 1981	Second reading, do pass as amended. On motion rules suspended and bill placed on third reading this day. Third reading, passed. Ayes, 72; Noes, 15. Transmitted to Senate.

IN THE SENATE

April 2, 1981	Introduced and referred to Committee on Taxation.
April 15, 1981	Committee recommend bill be concurred in as amended. Report adopted.
April 16, 1981	Second reading, pass consideration.
April 17, 1981	Second reading, concurred in as amended with statement of intent. On motion rules suspended. Bill placed on calendar for third reading this day. Third reading, concurred in as amended. Ayes, 39; Noes, 10.

IN THE HOUSE

April 20, 1981	Returned from Senate with amendments and statement of intent.
April 22, 1981	Second reading, amendments concurred in. On motion rules suspended and bill placed on third reading this day. Third reading, amendments concurred in. Ayes, 87; Noes, 10.
April 23, 1981	Sent to enrolling. Reported correctly enrolled.

1 *House* HOUSE BILL NO. *718* *Indefinite*

2 INTRODUCED BY *Ellison* *McGowan* *Mark* *Purvis* *Conroy*

3 A BILL FOR AN ACT ENTITLED: "AN ACT TO CREATE THE HARD-ROCK *Spilker*

4 MINING IMPACT BOARD; TO REQUIRE MINERAL DEVELOPERS TO SUBMIT

5 AN ECONOMIC IMPACT PLAN TO THE BOARD; TO AUTHORIZE THE BOARD

6 TO ISSUE BONDS AND AWARD GRANTS TO IMPACTED UNITS OF LOCAL

7 GOVERNMENT; AND TO PLEDGE THE EARNINGS OF THE RESOURCE

8 INDEMNITY TRUST FUND TO PAY FOR THE BONDS ISSUED BY THE

9 BOARD; AMENDING SECTIONS 15-38-202 AND 82-4-335, MCA."

10

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 NEW SECTION. Section 1. Hard-rock mining impact

13 board. (1) There is a hard-rock mining impact board.

14 (2) The board consists of five members appointed by

15 the governor.

16 (3) The governor shall select the members of the board

17 from a panel recommended by the leaders of the senate and

18 the house of representatives. The panel shall include:

19 (a) two persons recommended by the president of the

20 senate;

21 (b) two persons recommended by the senate minority

22 leader;

23 (c) two persons recommended by the speaker of the

24 house of representatives;

1 (d) two persons recommended by the minority leader of
2 the house of representatives.

3 (4) The term of office for each board member is 4
4 years except that two members of the original board shall
5 serve 2-year terms thereby achieving a staggering of terms.
6 The members serving the 2-year terms will be selected by lot
7 at the first meeting of the board.

8 (5) The board may not include more than three persons
9 recommended by persons of the same political party.

10 (6) A vacancy shall be filled by appointment by the
11 governor and the person appointed shall serve for the
12 unexpired term of the member who vacated.

13 (7) Unless he is a full-time salaried officer or
14 employee of this state or of a political subdivision of this
15 state, each member is entitled to be paid \$50 for each day
16 in which he is actually and necessarily engaged in the
17 performance of board duties and he is also entitled to be
18 reimbursed for travel expenses, as provided for in 2-18-501
19 through 2-18-503, incurred while in the performance of board
20 duties. Members who are full-time salaried officers or
21 employees of this state or of a political subdivision of
22 this state are not entitled to be compensated for their
23 service as members but are entitled to be reimbursed for
24 travel expenses as provided for in 2-18-501 through
25 2-18-503.

1 (8) A majority of the membership constitutes a quorum
2 to do business. A favorable vote of at least a majority of
3 all members of a board is required to adopt any resolution,
4 motion, or other decision unless otherwise provided by law.

5 NEW SECTION. Section 2. Declaration of necessity and
6 purpose. The large-scale development of mineral deposits in
7 the state causes an influx of people into the area of the
8 development many times larger than the number of people
9 directly involved in the mining operation. This influx of
10 people and the corresponding increase in demand for local
11 government services creates a burden on the local taxpayer.
12 There is a significant lag time between the time when
13 additional services must be provided and the time when
14 additional tax revenue is available as a result of the
15 increased tax base. There is therefore a need to provide a
16 system to assist local government units in meeting the
17 initial financial impact of large-scale mineral development.

18 NEW SECTION. Section 3. Definitions. In [section 2
19 through section 11] the following definitions apply:

20 (1) "Board" means the hard-rock mining impact board
21 established in [section 1].

22 (2) "Bonds" include bonds, notes, warrants,
23 debentures, certificates of indebtedness, temporary bonds,
24 temporary notes, interim receipts, interim certificates, and
25 all instruments or obligations evidencing or representing

1 indebtedness or evidencing or representing the borrowing of
2 money or evidencing or representing a charge, lien, or
3 encumbrance on specific revenues, special assessments,
4 income, or property of a political subdivision, including
5 all instruments or obligations payable from a special fund.

6 (3) "Local government unit" includes a county, city,
7 town, or school district.

8 NEW SECTION. Section 4. Chairman -- meetings --
9 facilities. (1) The board shall elect a chairman from among
10 its members.

11 (2) The board shall meet quarterly and may meet at
12 other times as called by the chairman or a majority of the
13 members.

14 (3) The department of community affairs will provide
15 suitable office facilities and the necessary staff for the
16 board.

17 NEW SECTION. Section 5. Hard-rock mining impact board
18 -- general powers. The board may:

19 (1) retain professional consultants and advisors;

20 (2) adopt rules governing its proceedings;

21 (3) issue bonds pursuant to [section 6];

22 (4) award grants to local government units subject to
23 [section 7];

24 (5) accept grants and other funds to be used in
25 carrying out this part.

NEW SECTION. Section 6. Authority to issue bonds. (1)

The board may issue and sell bonds of the state in such manner as it considers necessary and proper to provide funds to local government units impacted by mineral development.

(2) The full faith and credit and taxing powers of the state shall be pledged for the payment of all bonds issued pursuant to this part.

NEW SECTION. Section 7. Basis for awarding grants.

(1) Grants shall be awarded on the basis of:

(a) need;

(b) degree of severity of impact from mineral development;

(c) availability of funds; and

(d) degree of local effort in meeting its needs.

(2) In determining the degree of local effort, the board shall compare the anticipated millage rates needed to meet the needs of the impacted local government unit to the average millage rates levied by comparably sized local government units in the state. The board may not issue bonds to provide funds to local government units when their anticipated millage rates are less than the average millage rates levied by comparable local government units.

NEW SECTION. Section 8. Rate of interest on bonds to be determined by the board. Bonds issued by the board shall bear interest at such rate or rates as it shall determine.

NEW SECTION. Section 9. Limitation on bond issues and

interest rates. The bonds issued by the board and the interest rates set by the board shall be fixed in such manner that the maximum amount of principal and interest to become due in any subsequent fiscal year on all outstanding bonds must not exceed one-half of the average annual amount expected to be available from the resource indemnity trust fund to retire the bonds.

NEW SECTION. Section 10. Impact plan to be submitted.

(1) Before a permit is issued under 82-4-335, the person seeking the permit shall submit to the affected counties and the board a statement describing the economic impact the mining development will have on local government units. The statement shall include:

(a) a timetable for development, including the opening date of the development and the estimated closing date;

(b) the estimated number of persons coming into the impacted area as a result of the development;

(c) the increased cost to local government units for police, fire, sewage, water treatment, schools, road construction and upkeep, education, and medical care, which can be expected as a result of the development;

(d) the financial assistance the developer will give to local government units to meet the increased demand for services.

(2) Upon receipt of the statement from the developer, the board shall consult with the county as to the adequacy of the statement. The board shall approve or reject the statement within 30 days after the statement is submitted to the board. The developer must commit himself to pay at least two-thirds of the anticipated increased cost to local government units resulting from the development or the statement shall be rejected. The statement must be submitted to the board at a regularly scheduled board meeting. If the statement is approved, the board shall within 5 days notify the board of land commissioners of its approval. If the statement is rejected, the board shall provide the developer in writing with specific reasons why the statement is deficient.

NEW SECTION. Section 11. Permit procedure and review of statement to run concurrently. It is intended that the procedure for fulfilling the permit requirement of 82-4-335 and the review of the developer's statement by the board under [section 10] are to run concurrently. If the requirements for a permit prescribed in 82-4-335 have otherwise been met, the board of land commissioners shall issue a letter stating that the permit will be issued at such time as the board has approved the statement of the developer under [section 10].

Section 12. Section 15-38-202, MCA, is amended to

read:

"15-38-202. Investment of resource indemnity trust account -- expenditure -- minimum balance. All moneys paid into the resource indemnity trust account shall be invested at the discretion of the board of investments. All the net earnings accruing to the resource indemnity trust account shall annually be added thereto until it has reached the sum of \$10 million. Thereafter, ~~only the net earnings may be appropriated and expended are deposited in the general fund subject to the prior pledge and appropriation of such earnings for the payment of hard-rock mining impact bonds~~ until the account reaches \$100 million. Thereafter, all net earnings and all receipts shall be ~~appropriated--by--the legislature--and--expended deposited in the general fund subject to the prior pledge and appropriation of such earnings for the payment of hard-rock mining impact bonds,~~ provided that the balance in the account may never be less than \$100 million."

Section 13. Section 82-4-335, MCA, is amended to read:

"82-4-335. Operating permit. ~~(1)~~ No person shall engage in mining or disturb land in anticipation of mining in the state without first obtaining an operating permit from the board to do so. A separate operating permit shall be required for each mine complex. Prior to receiving an operating permit from the board, any person must pay the

1 basic permit fee of \$25 and must submit an application on a
2 form provided by the board, which shall contain the
3 following information and any other pertinent data required
4 by the rules:

5 ~~(1)~~(a) name and address of the operator and, if a
6 corporation or other business entity, the name and address
7 of its principal officers, partners, and the like and its
8 resident agent for service of process, if required by law;

9 ~~(2)~~(b) minerals expected to be mined;

10 ~~(3)~~(c) a proposed reclamation plan;

11 ~~(4)~~(d) expected starting date of mining;

12 ~~(5)~~(e) a map showing the specific area to be mined and
13 the boundaries of the land which will be disturbed,
14 topographic detail, the location and names of all streams,
15 roads, railroads, and utility lines on or immediately
16 adjacent to the area, location of proposed access roads to
17 be built and the names and addresses of the surface and
18 mineral owners of all lands within the mining area, to the
19 extent known to applicant;

20 ~~(6)~~(f) types of access roads to be built and manner of
21 reclamation of road sites on abandonment; and

22 ~~(7)~~(g) a plan of mining which will provide, within
23 limits of normal operating procedures of the industry, for
24 completion of mining and associated land disturbances.

25 (2) Except as provided in subsection (3), the permit

1 provided for in subsection (1) may not be issued until the
2 hard-rock mining board approves the plan submitted in
3 compliance with [section 10]. If, however, all the
4 requirements for obtaining an operating permit have been met
5 except the approval of the hard-rock mining board, the board
6 shall issue a letter stating that the permit will be issued
7 at such time as the hard-rock mining board approves the
8 statement of the developer under [section 10].
9 (3) Compliance with [section 10] is not required for
10 exploration and bulk sampling for metallurgical testing when
11 the aggregate samples are less than 10,000 tons."

-End-

HOUSE BILLS

COMMITTEE ON TAXATION

BILL NO.	ENTERED COMM.	DATE CONSIDERED	OUT OF COMM.	DO NOT <u>DATE</u>	DO NOT PASS <u>DATE</u>	DO PASS AS AMEND. <u>DATE</u>	BE CON- CURRED IN <u>DATE</u>	BE CONC. IN AS AMENDED <u>DATE</u>	BE NOT CON- CURRED IN <u>DATE</u>
716	3-03-81	3-19-81	Tabled						
718	4-03-81	4-06-81						4-14-81	
753	3-04-81	3-12-81	Tabled	3/28/81					
762	3-04-81	3-12-81	Tabled	3/28/81					
763	3-06-81	3-11-81						3-17-81	
775	3-06-81	3-13-81						3-13-81	
798	3-04-81	3-20-81						4-04-81	
804	3-11-81	3-20-81					3-26-81		
805	3-04-81	3-17-81						3-26-81	Subsequently to Local Govt.
834	4-08-81	4-13-81					4-14-81		
835	4-08-81	4-13-81						4-14-81	
859	4-07-81	4-10-81					4-14-81		
870	4-10-81	4-11-81					4-11-81		

(Separate Sheet for Senate, House Bills, and Resolutions)

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NORDTVEDT: If 100% of the people turned over capital assets, that would be the figure.

TOWE: You are satisfied that 20% is not too low or understated?

NORDTVEDT: That seems roughly in the ball park.

ECK: As far as the amount of money being fed into Montana's economy do you see people actually reinvesting in other business ventures or into stock?

NORDTVEDT: It would include a few--about the only large Wall Street corporations who would qualify under this would be Montana Power. Most of this would be in small businesses.

ECK: We heard one the other day where we would have money available through Montana banks for investment. Would there be a way of working that if you wanted to invest it in a bank?

NORDTVEDT: This wouldn't deal with interest principal. This is for more risky types of investment.

TOWE: You have excluded land, 20 acres or greater. Is there any particular economic reason for doing that?

NORDTVEDT: Strictly to get past the people who are promoting land development.

The hearing was closed on HB 42.

CONSIDERATION OF HOUSE BILL 718:

"AN ACT TO CREATE THE HARD-ROCK MINING IMPACT BOARD; TO REQUIRE MINERAL DEVELOPERS TO SUBMIT AN ECONOMIC IMPACT PLAN TO THE BOARD; TO AUTHORIZE THE BOARD TO AWARD GRANTS TO IMPACTED UNITS OF LOCAL GOVERNMENT; TO PROVIDE FOR TAX PREPAYMENT FOR LARGE-SCALE MINERAL DEVELOPMENTS; TO PROVIDE FOR THE ISSUANCE OF EDUCATION IMPACT BONDS; AMENDING SECTIONS 15-16-201 AND 82-4-336, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Representative Ellison said HB 718 provides a method for meeting the impacts of mining operations on local governments. He sees this idea as a more equitable way to finance the impacts and thought it would encourage the mining companies to locate the base of their operations where it causes the least impact.

PROPOSERS:

Representative Bob Marks, District 80, co-sponsor of HB 718: My interest is really the same as Rep. Ellison's. My interest was intensified when I read that Sen. Towe was trying to accomplish a means to take care of a front-end impact. My district relies a great deal on the production of minerals. I feel that the imposition of a severance tax

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to the degree that has been expressed in bills from time to time causes great concern for the industry in my district, as well as others. Because the severance tax is based on a gross value, I think it is especially offensive to those industries that have a high cost of operation. Basically, HB 718 provides for front-end money to be taken care of entirely by the developer. It provides for a board that would be picked to make up the hard-rock impact board. Large scale is defined to be 100 people or more, or to cause an increase of 15% or more in the community. It provides for special bonding districts that will help on local government impact. There has to be production to have a severance tax. I would suggest that in another session a study on that topic would be important to see what kind of mechanism could be provided for shut-down impacts.

MORE PROPONENTS: Rep. Jean McLane, House District 72, Attachment #1; George Bennett, representing ASARCO; Ward Shanahan, representing Stillwater PGM Resources and Landusky and Zortman Mining Companies, Attachment #2 and a proposed amendment to HB 718, Attachment #3; Bill Sternhagen, Northwest Mining Association; Con Fredericks, County Attorney for Sweetgrass County, Attachments #4 and #5; Vincent Kunda, Big Timber City Council; Andy Epple, representing City-County Planning Boards of Sweetgrass County; Curtis Carter, representing Anaconda Copper, Attachment #6; Jim Tully, Chairman of the grade school board in Big Timber; Dave Wanzenried, Acting Director Department of Community Affairs, Attachment #7; Carol Ferguson, Department of Community Affairs; George Trabits, Manager Environmental Affairs, Homestake Mining Company; and Mitch Press, Stillwater Land-Use Planner, speaking on behalf of the county commissioners.

OPPONENTS: Mike Zimmerman: I do not speak against, but would like to point out one thing about the amendments by the Dept. of Community Affairs. A great deal of time was spent in drafting the tax provision. We pay taxes under Section 11 of the bill and get credit over a 5-year period. The Department of Community Affairs amendment would stretch that out to 10 years. When we make a tax pre-payment we have to go to the community at a floating prime. The sooner you can recover the tax pre-payment, the better for the industry. For that reason the House Natural Resources Committee spent time to create the two parallel tax pre-payment portions. We would ask that amendments 28 to 32 presented by the Department of Community Affairs not be adopted.

Representative Ellison closed. He said he agreed mostly with the only opponent of the bill. We did create these two tax sections for a purpose--not to interfere with coal and other industries. You will notice our payments of pre-payments are kept so that we can keep a mill levy level. I urge you to stay with the main concepts of the bill. I think the RIT should be built to 3 or 400 million dollars.

GOODOVER: Were any of the amendments that have been offered here offered in the House at the time of the hearing there?

ELLISON: I believe some of them were. I don't know if these are the same amendments or not.

MANLEY: I would like a little history.

ELLISON: I first started out with Representatives Fagg, Marks, and some mining people. I said I was interested in a bill. I also met with people from Sweetgrass and Stillwater Counties.

MANLEY: Did you at any time during the interim draw a bill to address this?

WANZENRIED: We drafted a bill introduced last session that created a community development board. That bill was reintroduced by Bardanoue was heard, and not acted upon.

MANLEY: Do your amendments take this bill that was killed and incorporate it?

ELLISON: I think Rep. Bardanoue's bill was of a larger scope. The reason I steered away from that one is I am not altogether satisfied with the way the impact money was scattered around.

TOWE: The amendments you prepared here were prepared after the final subcommittee report?

FERGUSON: That was the first time we had been asked to respond. Our response to this bill was with regard to its intent within the counties.

TOWE: With your proposal that we not adopt the change in the law with regard to the 3-year pre-payment--You did then oppose Anaconda's proposal of 8 years?

ZIMMERMAN: Yes, we would like to see it left as it is in the present law and a payment plan be set up to suit the mining company. We would favor leaving the tax pre-payment in the code as it is now.

TOWE: The proposal Anaconda is making proposes we change the system where it shall be repaid in the first 3 years; they want it made in 8 equal payments over 8 years.

ELLISON: I scattered this payment over an indefinite period to at least partially cover some of the impacts we didn't know about.

CARTER: We haven't proposed changing the amended portion of 15-16-201. In the bill itself, the tax pre-payment provision applying to the mining industry, we wanted to put a definite time limit on it.

TOWE: On page 16, there is a provision that the pre-payment would be based on the mill levies and taxable value of that particular county.

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In the event taxable value never gets as high as it was prior to the hardrock development, there never would be any repayment. I see you have stricken that.

CARTER: Yes, if it is a tax pre-payment and the present law goes back 5 years, we would like to get the additional 3.

TOWE: Your comments. Are you satisfied with that provision knowing the way the bill is drafted the counties would pay only determined by mill levies before and after development?

SHANAHAN: There are several defects in HB 718--that is one of them.

TOWE: About the provisions for approval of the plan. It appears to me that the last section provides there shall not be any commencement of operations until this plan is approved. While that matter is in court, it hasn't been approved. Therefore, it could delay the mining in the courts for many years.

SHANAHAN: That's why part of Senate Bill 344 was adopted.

TOWE: The definition of local government units. It says it means political subdivision of this state "including but not limited to a county, city, town, or school district, or other special district." Absarokee is not an incorporated town; Nye is not incorporated. You have to leave it open but, according to the attorney general's opinion, every local unit that has a board of directors can apply for money. Even the irrigation districts could say they are impacted. They will be appealing as well and will tie it up even longer.

CARTER: If they are impacted, we will cooperate to the greatest extent.

ELLISON: This is the section that puts the feet to the fire. I have already seen they are going to be cooperative. The plan will be started upon application for permit.

TOWE: The fact is you have written into the bill the company preparing the plan in the communities. Haven't we put the company and the government in an adversary role?

ELLISON: I look at it as forced cooperation.

SHANAHAN: Your point is well taken. That's why I offered an amendment for tax credit. If we get the tax credit, our compliance is going to be more willing.

TOWE: Page 7, the administering and operating expenses of the board shall be out of the general fund. Has an appropriation bill been introduced?

ELLISON: The House thought the best way would be an amendment to HB 500 when it goes to conference committee. I anticipated some of the front end and possibly tail end, and with the RET might be something.

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TOWE: You refer to RITF. When that was passed several years prior to the coal tax, the understanding was that it was to reimburse future generations from resources we are using and depriving them of. Most of the language addresses environmental factors which suggest it was amended and reimbursing people. Most of the lands of people you represent are on public lands. Where do you suggest that the people will be protected from the exploiting of a resource from our future generations?

SHANAHAN: The company is exploiting public resources in the same sense those of you who have homesteads are getting them. Secondly, RITF language addresses the tail-end impacts. I am submitting that the solution is there in the RITF and is not being used.

ECK: We heard from a lot of mining operations that said they were going to get started and employ 100 to 150 people. Have those people been in touch with you? What kind of reaction have you had?

ELLISON: Mr. Sternhagen has heard.

ECK: You are willing to face the fact you might have to wait 3 to 4 years before all front-end impacts are taken care of?

STERNHAGEN: We would hope to get started much before that. As soon as you know you will have a mine, you could get started.

ECK: How about Sparrow? Are they in agreement?

STERNHAGEN: We're not sure about Sparrow. We have both large and small miners who are being kept advised.

S. BROWN: Where in the world did this procedure for appointing the board come from?

ELLISON: It didn't come from me. We have a theory in the House you never send the Senate a perfect bill.

STERNHAGEN: I didn't dream this up. I would like to support the concept of what is happening. They have representatives from hardrock, schools, and county commissioners.

CRIPPEN: The comment has been made these bills can work together. Do you have any comments?

SHANAHAN: If the mining industry couldn't stand the severance tax, it couldn't stand both of these burdens. I would object to both being passed.

ELLIOTT: We have amendments striking financial advisors from the board. I would like to know what the reasoning was.

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FERGUSON: When asked initially we were asked to prepare for two possibilities. Municipal representatives were excluded, towns received the major impacts, and they never shared the tax base. Without changing a great deal, we felt it was important to include municipal representation on the board. Then we were asked to prepare a greater array of amendments to the bill.

The hearing was closed on HB 718.

GOODOVER: I will talk to Representative Marks and suggest a combined Senate-House Subcommittee, with these amendments, so that a bill can be brought back that the committee can take action on.

ELLISON: Representatives Brown and Keedy did lots of work on this bill.

MCCALLUM: Sen. Crippen asked you if you thought the bills were compatible?

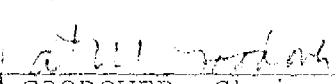
SHANAHAN: Only one section in the tax pre-payment section.

MCCALLUM: Senate Bill 344 was passed out. If 344 should pass, then you would not wish this one to be passed?

SHANAHAN: That answer is yes, from here in the corner where you have me.

The chairman announced that the subcommittee will address all amendments.

The meeting was adjourned at 10:15 a.m.


PAT M. GOODOVER, Chairman

ROLL CALL

TAXATION COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date 4/26/81

NAME	PRESENT	ABSENT	EXCUSED
Goodover, Pat M., Chairman	✓		
McCallum, George, Vice	✓		
Brown, Bob	✓		
Brown, Steve	✓		
Crippen, Bruce D.	✓		
Eck, Dorothy	✓		
Elliott, Roger H.	✓		
Hager, Tom	✓		
Healy, John E. "Jack"	✓		
Manley, John E.	✓		
Norman, Bill		✓	
Ochsner, J. Donald	✓		
Severson, Elmer D.	✓		
Towe, Thomas E.	✓		

Each day attach to minutes.

SENATE

Taxation

COMMITTEE

BILLS 42 and 718

VISITORS' REGISTER

DATE Apr. 6,Please note bill no.
(check on
SUPPORT O.

NAME	REPRESENTING	BILL #	SUPPORT	O.
Mitch Press	Stillwater County	H.B. 718	✓	
John Eads	Sweet + Grove Co.	H. B. 718	✓	
Norma Frodricks	" " "	H.B. 718	✓	
PR Malick	Placer Creek	H.B. 718	✓	
GEORGE BENNETT	ASARCO. INC	H.B. 718	✓	
GILES E. WALKER	AMAX EXPLOR., INC	H.B. 718	✓	
John McLean	" " "	718	✓	
W. J. McLean	" " "	718	✓	
Walter H. H. F.	AMAX EXPLOR. COMPANY	718		
John E. Carter	" " "	718	✓	
John E. Carter	" " "	718	✓	
John E. Wagoner	ALA		✓ with am.	
John E. Wagoner	" " "	718	✓ with am.	
George Allen Trabitt	Homestake Mining Co	718	✓	
Sam Jenkins	AMAX EXPLORATION	718	✓	
John E. Wagoner	" " "	718	X	
Bill Stenderman	Northwest Mining Assoc.	718	✓	
James A. Tuller	Eng. Timber Grade School	718	✓	
Harold F. Rando	Eng. Timber Grade School	718	✓	
John E. Wagoner	" " "	718	✓	
Ward Branch	Stillwater PGM	718	✓	
Robert P. Rando	Stillwater PGM	718	✓	

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY

AMENDMENT TO HOUSE BILL NO. 718

Delete lines 4 through 19, inclusive, on page 16, of the version passed by the House of Representatives, in their entirety, and insert, in lieu thereof, the following:

"(I) Determine its budget for the budget year;

"(II) Determine the amount of taxes which would be derived if a mill levy equal to the average of the mill levies of that jurisdiction for the 3-year period immediately prior to commencement of construction was imposed.

"(B) The excess, if any, of the amount determined under subsection (5)(A)(II) over the amount determined under subsection (5)(A)(I) equals the property tax prepayment credit allowed for the taxable year."

SENATE COMMITTEE ON TAXATION

Amendment to HB 718

Mr Chairman I respectfully move to amend the Third Reading copy of HB 718 on Page 7 following line 13, as follows:

INSERT: New Sub Section (5) to read:

"There is allowed a credit equal to 125% of all funds other than tax prepayments, contributed toward services facilities and other normal governmental expenses incurred by local governments prior to the opening of a mine or the commencement of production, including capital or net operating costs to be incurred as a result of the development. This credit is allowed against the tax imposed by Title 15, Chapter 37 Part 1, the Metalliferous Mines Tax. Before the credit is allowed the contribution must be approved in advance by the Hard Rock Mining Impact Board as being made for the type of expense described in this sub-section.

RENUMBER: The following sub-section.

TESTIMONY REGARDING HOUSE BILL NO. 718

Before: Senate Taxation Committee -- April 6, 1981

From: Conrad B. Fredricks, Big Timber, Montana.

This testimony relates to House Bill No. 718, as the same was passed out of the House Natural Resources Committee.

House Bill No. 718 is a step toward trying to alleviate some of the impacts caused by large-scale mineral development. It is not the entire answer to handling such impacts, but it is certainly a giant step in the right direction.

One of the big problems which is not solved by House Bill No. 718 is how to get the facilities necessary to handle the impacts in place by the time they are needed. There will be, of necessity, a time lag between the time that the need for capital expenditures is determined, either in the initial impact statement or as finally determined by the hard-rock mining impact board, and the time that the facilities required to be constructed can be constructed and ready for occupancy. During this period of time, construction and, perhaps, mining, will be progressing and the facilities will not be available for use.

A severance tax does not seem to provide an answer for this problem either, because no tax money would be generated until there was production and minerals had been severed, at which time the facilities should already be in place.

House Bill No. 718 is designed solely for front-end impacts which are identified and fixed at the time of approval by the hard-rock mining impact board. There is no provision to handle the cost of impacts which could not be anticipated or which were overlooked

by both the mineral developer and the local government until. Nor are tail-end impacts covered. These matters, it would appear, could be handled by an appropriate severance tax.

As stated before, it must be conceded that House Bill No. 718 does not provide the total answer. But it does contain a number of helpful provisions and its passage during this session is vital. We have to have something in place now, because of the rapidity of the progress in mineral development in this state, and particularly in the Stillwater Complex.

I have the following comments regarding specific sections of House Bill No. 718:

Section 1. The provisions for selecting the hard-rock mining impact board seem to be overly complex. It appears that having representation of cities on the board might be preferable to having representation of major financial institutions. Also, the amount of compensation for members of the board seems to be quite small, considering the responsibilities that they have. **So a long time to select*

Section 3. Subsection (4). It would appear that the last word of this section should be changed from "mining" to "construction". If the developer had a construction force, say, equivalent in size to its mining force, and construction took 4 years, then there would be no increase in population when mining commenced, compared to the average of the previous 3 years, and subsection (4)(B) would be meaningless.

Section 5. There seems to be a lack of definition of the mechanism for local government units to apply for and receive payments out of the hard-rock mining impact fund established by section 4(5). It is unclear how the money goes from the developer to the board and thence to the appropriate local government unit.

Section 9. Subsection (5) could create some problems if there are more than one local government unit involved, if some receive tax prepayments and some don't, or if some receive differing percentages of tax prepayments. This could result, in the same year, of differing taxable valuations of the same property for different local government units, creating a bookkeeping nightmare for the county assessors and treasurers. It would be preferable, in my opinion, to leave the taxable valuation constant and give, instead, a straight dollar tax credit. Also, the average mill levy used should be based upon the years prior to the commencement of construction, rather than the commencement of mining operations. The average mill levy should relate to the normal, pre-mineral-development, operation of the local government unit and not to any period which has been distorted by construction.

In conclusion, I respectfully urge the Senate Taxation Committee to give House Bill No. 718 a "do pass" recommendation. It is urgently needed NOW.

Respectfully submitted,

Conrad B. Fredricks

Conrad B. Fredricks

TESTIMONY OF MITCH PRESS, STILLWATER COUNTY LAND USE PLANNER

APRIL 6, 1981

My name is Mitch Press; I am the Stillwater County Land Use Planner.

I am speaking here today on behalf of the Stillwater County Commissioners

We believe that:

1. Legislation is needed to provide funding for the many impacts resulting from hard-rock mining - both for initial impacts and long-term impacts.

2. The current scheme of taxation is not adequate to handle all the added costs of extra services and facilities needed to handle the additional residents resulting from a new mining operation.

3. For Stillwater County, faced with the potential development of the Stillwater Complex, legislation is needed this session.

We feel that H.B. 718 in its current form is workable and can satisfy the need for front-end impact money.

We suggest a few minor changes to make the bill more workable:

1. Clarify when in the development process impact funds would be paid to the Board, and when they would be paid to the affected communities by the Board.

2. Clarify that impact money paid by a mining company will be earmarked for counties where impacts from that company's mining project are felt.

3. Clarify funding procedures when impacts are caused from two or more companies mining in the same area.

4. Make specific provisions for dealing with long-term impacts caused from mining operations - for example those impacts felt when a mine closes and workers leave the area. *Senator Jones bill I like address his issue* If these costs are to be totally covered in payments to the Hard-rock Mining Impact Board, then it should be specifically mentioned in this bill.

5. Provide state government expertise or funding to help local governments review company impact statements. This is a must, especially for counties without full-time planners.

6. Provide a longer period for local government review. We suggest 120 days rather than 90 days.

7. Place the burden of proof for proving the accuracy of the impact statement with the developer, or the local government. This provision is needed if local governments object to sections of the report.

DCA
I understand that ~~the Administration~~ is proposing amendments which address some of these concerns I have just discussed.

In summation, we strongly recommend your favorable consideration of H. B. 718. We suggest these changes to strengthen the bill and to fill some potential gaps.

Thank you for your consideration.

WITNESS STATEMENT

44

Name Andrew C. Temple Date 4-6-81
Address 710. Fox 1042 Support ? ☒
Representing W. H. & R. Mining Board Oppose ? ☐
Which Bill ? HB 702 Amend ? ☐

Comments:

HB 702, as passed overwhelmingly by the House, would provide assurance that any future tax gaps created by large scale hard rock mining will be mitigated before the mining can occur. This is the kind of assurance that local govt. wants, and it is the kind of assurance that the mining industry has said it is willing to make.

I urge you not to jump on with the bill, which has the mining permit to approval of the impact plan by the Impact Board. This condition approval is the key to the bill. If you allow mining to occur without an approved impact plan, severe impacts will occur before mitigating measures have been taken.

I also urge you to adopt these amendments proposed by my colleagues from West Basin County and by the Dir. of Comm Affairs, which will serve to strengthen and clarify the bill. I would especially like you to clarify the procedure by which the Impact Board would make payments to local govt. units, or to simplify the tax repayment as described in Senate Bill 702.

Please leave prepared statement with the committee secretary.

I would further like to add that a new resource tax as proposed by SB 394 is completely incompatible with HB 702. I urge you to not consider killing either bill at the expense of the other.

The people of Sweet Grass County, the
mining industry, and state officials
have all supported HB 718. The bill is
workable, the bill is fair, and I urge
you to give it a "let pass" recommendation.

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

April 14, 1981

The 68th meeting of the committee was called to order at 8:00 a.m. in Room 415 of the State Capitol Building, Chairman Pat Goodover presiding.

ROLL CALL: All members present.

The chairman announced that HJR 52 will be sent out with a majority and a minority report. He said he would carry the minority report.

Senator S. Brown moved the committee reconsider action taken previously on HJR 52.

DISPOSITION OF HOUSE BILL 156:

The Chairman announced that HB 156 had been tabled while awaiting a fiscal note. The fiscal note was now in committee and after looking at it it was decided to leave HB 156 on the table.

DISPOSITION OF HOUSE BILL 609:

ECK: I would like to put in on page 4, line 7, following "resolution" insert "following a public hearing." The vote on the amendment carried with Senator Crippen dissenting.

ELLIOTT: I move HB 609 be tabled.

ECK: I make a substitute motion HB 609 BE CONCURRED IN, as amended. Motion carried by roll call vote, 7-6.

DISPOSITION OF HOUSE BILL 718:

Senator Brown moved that on page 7, line 11, after "mine", add "and associated milling facilities."

Amendment voted unanimously.

S. BROWN: Some sort of an annual update of the plan. It was the company's feeling that it could create some problems. They wanted to look at the bill for 2 years and see how it looks. A new section 10. "The developer submitting an impact plan. Pursuant to this plan."

GOODOVER: The amendment you will be making there will be addressed by the legislature two years down the line. You are talking about 3 years. I think we are clouding the issue at this time.

McCALLUM: Wasn't this discussed in the subcommittee?

S. BROWN: What was discussed was an annual update. I think every 3 years is reasonable.

GOODOVER: The whole thing was to handle the front-end monies.

ELLIOTT: It was the intent to address the up-front impacts. The need for a bill at all assumes the company is not going to be cooperative. I think that's a wrong assumption. Until we can see that there is a definite disregard for their obligations, I prefer not to see a law written.

S. BROWN: It's not an easy task for local governments to go out and issue bonds. Companies get caught up on their operation and forget to tell people. All I am saying is that every 3 years they ought to let the community know. I think that is a legitimate concern for local governments.

A roll call vote was taken on the amendments. The vote was 7-7, the amendment failed.

S. BROWN: New subsection (10). If local governments have any dispute with the developer about how impacts will be paid and if it is determined their objection was valid, I think they should be able to collect attorney fees and costs.

MANLEY: Would this have a tendency for the cities to file frivolous suits?

S. BROWN: They pay only if they win. A roll call vote approved S. Brown's motion by a 12-2 margin.

TOWE: This is on page 13 -- new section (3) At the same time the developer submits an impact plan, the developer shall submit to the county commissioners of each county affected a sum of money equal to \$200 for each employee the developer expects to live in that county. The county commissioners shall then make this money available on an equitable basis to each local governmental unit substantially affected by the proposed development, including the county itself, for the purpose of studying, analyzing, and properly reacting to the impact plan.

A roll call vote ended in a 9-5 vote against adopting the above amendment.

S. BROWN: I move to amend page 13, line 9, following "increased" insert "planning". That means for the 90-day push--

A roll call vote showed the amendment failed by a 6-8 vote.

CRIPPEN: I want to introduce an amendment about credits, the basic amendment the mining company has. I am trying to provide a method where it is advantageous for mining companies

April 14, 1981
page 3

to come up with funds at the beginning, to do it is to give them a credit.

SHANAHAN: We don't wish to upset resource idemnity trust or metal mines tax at this time. We went along with the subcommittee on this.

CRIPPEN: I will make a motion that the tax credit clause be added.

A roll call vote showed a 4-10 vote against adding the tax credit section.

ELLIOTT: What was the RITF created for?

TOWE: In came in in 1973 or 1974. The principal idea was 1/2 of 1% of the value of all minerals extracted in the State of Montana should be set aside in a fund for our future generations.

Page 17 more amendments that relate to the same thing. Section 10 which has tax pre-payment. Page 17, line 8, after word "and" insert "may exclude". This gives the discretion to exclude or include the 40 mills. My concern is what if they are using it all locally and the school district needs the money.

GOODOVER: Page 15, line 10 "upon receipt of evidence . . ."

TOWE: If you want section 10, let's at least make it workable.

McCALLUM: Why have you excluded the 6-mill University levy?

TOWE: The companies proposed the 6-mill be excluded and the 40 mills not excluded.

SHANAHAN: We excluded the levy because it is not a local cost. A voice vote showed the amendment carried.

TOWE: Page 18, line 6. After "received" insert "all or a portion of". My concern was since it is the county commissioners who make the decision there should be a pre-payment plan that applied to the counties because they receive all the money. This makes it clear that the rest applies to just those units of government who might have received the benefit.

McCALLUM: You come back to your schools and you are asking them for repayment.

BURR: Instead of saying entity, perhaps you should say ...

SHANAHAN: It should be a credit allowed by that local government.

Senator Towe moved the amendment on 18 and 19. The motion

passed, with Senators Crippen, Elliott and Goodover dissenting. Senator Towe's proposed amendment changing "will" to "may" passed unanimously.

Senator Towe proposed that on page 19, line 22, after the word "development" "as determined by the agreement" be inserted. A roll call vote showed the amendment failed to pass by a 6-8 vote.

TOWE: I would propose a new Section XV.

I would offer new Section 15, a coordination amendment, as follows:

Coordination. If Senate Bill 344 is passed and approved:

(a) the hard-rock mining impact board created by [section 1] is replaced with the hard-rock mining impact board created by [section 12 of Senate Bill 344.]

(b) subsection 1 of [section 3] shall read: "Board" means the hard-rock mining impact board established in [section 12 of senate bill 344]

(c) [section 4] is replaced with [section 16 of SB 344]

(d) [Section 5] is replaced with [section 14 of senate bill 344].

(e) [Section 7] is replaced with [Section 18 of senate bill 344].

(f) [Section 6], [Section 13] and Subsections (2), (7), and (9) of [Section 8] shall not become effective.

(g) The following amendment shall be made: Page 15, line 14, following: "Board and" strike "shall" and insert "may".

A motion was made to adopt the DCA amendments. A voice vote adopted them, Senators Elliott and Crippen dissenting.

ECK: I propose an amendment that would exclude small miners as defined. I think it should go under definition on page 7.

New paragraph: Large scale mineral development does not include miners operating under the small miners exclusion statement pursuant to 82- - 401"

Bill Sternhagen supported the amendment.

ECK: These are miners that don't disturb more than 5 acres or remove more than 100 tons a day. The vote was in favor of adopting the amendment.

S. BROWN wanted to go on record and have the minutes reflect that it was the concern that planning costs are specifically included in the up-front costs.

A motion was made that HB 718 BE CONCURRED IN, as amended.

Motion carried by an 11-1 vote, with Senators Bob Brown and Towe abstaining.

ROLL CALL

TAXATION COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date Apr. 14, 1981

NAME	PRESENT	ABSENT	EXCUSED
Goodover, Pat M., Chairman	✓		
McCallum, George, Vice	✓		
Brown, Bob	✓		
Brown, Steve	✓		
Crippen, Bruce D.	✓		
Eck, Dorothy	✓		
Elliott, Roger H.	✓		
Hager, Tom	✓		
Healy, John E. "Jack"	✓		
Manley, John E.	✓		
Norman, Bill	✓		
Ochsner, J. Donald	✓		
Severson, Elmer D.	✓		
Towe, Thomas E.	✓		

Each day attach to minutes.

STANDING COMMITTEE REPORT

April 14 19 61

PRESIDENT:
MR.

TAXATION

We, your committee on

having had under consideration House Bill No. 718
Ellison (Goodover)

Respectfully report as follows: That House Bill No. 718

Gray bill,

Third Reading Copy, be amended as follows:

1. Page 1, line 22

Following: line 21

Strike: lines 22 through line 3 on page 5.

Insert: "(2) The hard-rock mining impact board is a five-member board.

(3) The hard-rock mining impact board shall include among its members:

(a) three persons who reside in an area impacted by large-scale mineral development;

(b) no more than three persons from the same congressional districts;

(c) a representative of the hard-rock mining industry;

(d) a representative of a major financial institution in Montana;

DOUGLAS

(CONTINUED)

- (e) an elected school district trustee;
- (f) an elected county commissioner;
- (g) a member of the public-at-large.

(4) The hard-rock mining impact board is a quasi-judicial board subject to the provisions of 2-15-124 except that one of the members need not be an attorney licensed to practice law in this state and the board shall elect a chairman from among its members."

2. Page 6, line 11.

Following: "INCLUDING"

Strike: "BUT NOT LIMITED TO"

3. Page 6, line 13.

Following: "DISTRICT"

Insert: "that provides any of the services referred to in subsection (1)(c) of [section 8]"

4. Page 6, lines 14 and 15.

Following: "MEANS" on line 14

Strike: "A HARD-ROCK MINERAL DEVELOPMENT"

Insert: "the construction or operation of a hard-rock mine and the associated milling facility"

5. Page 6, lines 16 and 17.

Following: "PEOPLE" on line 16

Strike: "IN CONSTRUCTION OF FACILITIES AND OPERATION OF A MINE"

6. Page 6, lines 19 and 20.

Following: "151 IN A" on line 19

Strike: "COUNTY, TOWN, SCHOOL DISTRICT, OR OTHER GOVERNMENTAL"

Insert: "local government"

7. Page 6, line 21.

Following: "POPULATION OF"

Strike: "SUCH A GOVERNMENTAL"

Insert: "the local government"

8. Page 6, line 23.

Following: "OF"

Strike: "MINING"

Insert: "the construction of the mining facility. A mining operation that would qualify as a large-scale mineral development under this subsection is not a large-scale mineral development if the mine owner and operator are small miners as defined in 82-4-303(10)"

9. Page 7, line 3.

Following: "AS NECESSARY"

Insert: "or"

JP

(CONTINUED)

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19

10. Page 7, lines 7 and 8.

Following: "DEPARTMENT OF" on line 7

Strike: "COMMUNITY AFFAIRS"

Insert: "commerce"

11. Page 7, lines 14 through 19.

Following: line 13

Strike: lines 14 through 19

Insert: "NEW SECTION. Section 5. Account established. There is within the earmarked revenue fund a hard-rock mining impact account. Moneys are payable into this account from payments made by a mining developer in compliance with the written guarantee from the developer to meet the increased costs of public services and facilities as specified in the impact plan provided for in [section 8]. The state treasurer shall draw warrants from this account upon order of the hard-rock mining impact board."

Renumber: subsequent sections.

12. Page 7, line 23.

Following: "advisors"

Insert: "notwithstanding the provisions of 2-15-121"

13. Page 8, line 4.

Following: "HARD-ROCK"

Strike: "MINERAL"

Insert: "mining"

Following: "IMPACT"

Strike: "FUND"

Insert: "account as provided in [section 8]"

14. Page 8, line 5.

Following: "[SECTION]"

Strike: "7"

Insert: "8"

15. Page 11, line 3.

Following: "82-4-335"

Insert: "and the permit is"

16. Page 11, line 5.

Following: "BOARD"

Strike: "A STATEMENT"

Insert: "an impact plan"

(CONTINUED)

17. Page 11, line 6.
Following: line 5
Strike: "MINING"
Insert: "large-scale mineral"

18. Page 11, line 11.
Following: "IMPACT"
Strike: "STATEMENT"
Insert: "plan"

19. Page 11, line 25.
Following: "IMPACT"
Strike: "STATEMENT"
Insert: "plan"

20. Page 12, line 4.
Following: [SECTION]"
Strike: "9"
Insert: "10"
Following: "SPECIAL"
Insert: "industrial educational impact"

21. Page 12, line 5.
Following: "[SECTION]"
Strike: "10"
Insert: "11"

22. Page 12, line 9.
Following: "OF THE"
Strike: "STATEMENT"
Insert: "impact plan"

23. Page 12, line 11.
Following: "TO THE"
Strike: "STATEMENT"
Insert: "impact plan"

24. Page 12, line 12.
Following: line 11
Strike: "STATEMENT"
Insert: "impact plan"

25. Page 12, line 13.
Following: "PERIOD, THE"
Strike: "STATEMENT"
Insert: "impact plan"

(CONTINUED)

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..... 10

26. Page 13, line 1.
Following: "IMPACT"
Strike: "STATEMENT"
Insert: "plan"

27. Page 13, line 6.
Following: line 5
Strike: "STATEMENT"
Insert: "plan"

28. Page 13, line 7.
Following: "IMPACT"
Strike: "STATEMENT"
Insert: "plan"

29. Page 13, line 8.
Following: line 7
Strike: "STATEMENT"
Insert: "plan"

30. Page 13, line 14.
Following: line 13

Insert: "(6) The developer shall, within 30 days of receipt of the approved impact plan, provide the board with a written guaranty that the developer will make all the payments to the board required in the approved impact plan and according to the time schedule contained in the approved impact plan.

(7) The board shall deposit all payments received from the developer into the hard-rock mining impact account established by [section 5].

(8) The board shall notify the department of state lands of its receipt of the written guaranty of payment, of each required payment, and of any failure of the developer to comply with this section.

(9) Upon receipt of evidence that an affected local government unit identified in the approved impact plan is providing or is preparing to provide an additional service or facility provided for in the approved impact plan, the board shall pay to that local government unit in one sum or in parts the money from the hard-rock mining impact fund identified in the plan as the increased cost to the local government unit of providing that public service or facility.

(10) If it is determined that an objection filed by an affected local government unit under subsection (3) is valid, the local government unit shall be awarded and the developer shall pay reasonable costs and attorney fees associated with any appeals filed under this section. Any attorney fees and costs awarded shall be in addition to any amounts paid by the developer under [section 2 through 11]."

JP

(CONTINUED)

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31. Page 13, line 15.

Following: "of"

Strike: "statement"

Insert: "impact plan"

32. Page 13, line 17.

Following: "review of the"

Strike: "developer's statement"

Insert: "impact plan"

33. Page 13, line 18.

Following: "section 48"

Strike: "7"

Insert: "8"

34. Page 15, line 3.

Following: "UNIVERSITY LEVY AND"

Insert: "may exclude"

35. Page 15, line 12.

Following: "HARD-ROCK MINING"

Insert: "impact"

36. Page 15, line 24.

Following: "RECEIVED"

Insert: "all or a portion of the"

37. Page 16, line 19.

Following: "YEAR"

Insert: "for that local government unit. Any local government unit not receiving a payment shall not be affected by this section and no reduction in value shall be used in the computation of taxes due that unit of local government."

38. Page 17, line 5.

Following: "DISTRICT"

Strike: "will"

Insert: "may"

39. Page 20, line 21.

Following: "DEVELOPMENT"

Insert: "as defined in [section 3]"

40. Page 20, line 23.

Following: "MINING"

Insert: "impact"

Following: "[SECTION]"

Strike: "7"

Insert: "8"

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(CONTINUED)

41. Page 21, line 2.

Following: "IMPACT"

Strike: "STATEMENT"

Insert: "plan"

42. Page 21, line 3.

Following: "[SECTION"

Strike: "7"

Insert: "8"

43. Page 21, line 9.

Following: "[section 12"

Strike: "7"

Insert: "8"

44. Page 21, line 12.

Following: line 11

Insert: "Section 14. Coordination. (1) If the department of commerce has not been created by executive order on the effective date of [this act] then the hard-rock mining impact board is allocated to the department of community affairs for administrative purposes until the department of commerce is created or until July 1, 1981, whichever is earlier.

(2) If senate bill 344 is passed and approved:

(a) the hard-rock mining impact board created by [section 1] is replaced with the hard-rock mining impact board created by [section 12 of senate bill 344].

(b) subsection 1 of [section 3] shall read:

"Board" means the hard-rock mining impact board established in [section 12 of senate bill 344]."

(c) [Section 4] is replaced with [section 16 of senate bill 344].

(d) [Section 5] is replaced with [section 14 of senate bill 344].

(e) [Section 7] is replaced with [section 18 of senate bill 344].

(f) [Section 6], [section 13], and subsections (2) and (8) of [section 8] shall not become effective.

(g) The senate standing committee amendment 20 be amended to read:

"Page 13, line 14.

Following: line 13

Insert: "(6) The developer shall, within 30 days of receipt of the approved impact plan, provide the board with a written guaranty that the developer will make all the payments to the board required in the approved impact plan and according to the time schedule contained in the approved impact plan.

(7) The board shall deposit all payments received from the developer into the hard-rock mining impact account established by [section 5].

JF

(CONTINUED)

(8) The board shall notify the department of state lands of its receipt of the written guaranty of payment, of each required payment, and of any failure of the developer to comply with this section.

(9) Upon receipt of evidence that an affected local government unit identified in the approved impact plan is providing or is preparing to provide an additional service or facility provided for in the approved impact plan, the board may pay to that local government unit in one sum or in parts the money from the hard-rock mining impact fund identified in the plan as the increased cost to the local government unit of providing that public service or facility.

(10) If it is determined that an objection filed by an affected local government unit under subsection (3) is valid, the local government unit shall be awarded and the developer shall pay reasonable costs and attorney fees associated with any appeals filed under this section. Any attorney fees and costs awarded shall be in addition to any amounts paid by the developer under [section 2 through 11]."

Section 15. Severability. If a part of this act is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of this act is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid application."

Renumber: subsequent sections

And, as so amended,

BE CONCURRED IN

JE

SENATE COMMITTEE TAXATION

Date 4-12-81 House Bill No. 718 Time 8:35

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)	✓	
SEN. BOB BROWN	✓	
SEN. STEVE BROWN	✓	
SEN. CRIPPEN		✓
SEN. ECK	✓	
SEN. ELLIOTT	✓	
SEN. HAGER	✓	
SEN. HEALY	✓	
SEN. MANLEY	✓	
SEN. NORMAN		✓
SEN. OCHSNER	✓	
SEN. SEVERSON	✓	
SEN. TOWE	✓	
SEN. GOODOVER (CHAIRMAN)		✓

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Betty Dean Secretary
 Pat M. Goodover Chairman
 Motion: 5. Brown's amendment

(include enough information on motion--put with yellow copy of committee report.)

SENATE COMMITTEE TAXATION

Date 7-14-81 Amended Bill No. 719 Time 8:37 a.m.

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)		✓
SEN. BOB BROWN	✓	
SEN. STEVE BROWN	✓	
SEN. CRIPPEN		✓
SEN. ECK	✓	
SEN. ELLIOTT		✓
SEN. HAGER	✓	
SEN. HEALY		✓
SEN. MANLEY		✓
SEN. NORMAN	✓	
SEN. OCHSNER		✓
SEN. SEVERSON	✓	
SEN. TOWE	✓	
SEN. GOODOVER (CHAIRMAN)		✓

7-7

Betty Dean

Secretary

Motion:

Pat M. Goodover

Chairman

S. Brown's amendment

(include enough information on motion--put with yellow copy of committee report.)

1 submit to the affected counties and the board a statement
2 describing the economic impact the mining development will
3 have on local government units. The statement shall include:

4 (a) a timetable for development, including the opening
5 date of the development and the estimated closing date;

6 (b) the estimated number of persons coming into the
7 impacted area as a result of the development;

8 (c) the increased cost to local government units for
9 police, fire, sewage, water treatment, schools, road con-
10 struction and upkeep, education, and medical care, which
11 can be expected as a result of the development; including
12 a copy of the education impact statement required by
13 20-1-208;

14 (d) the financial assistance the developer will give
15 to local government units to meet the increased demand for
16 services; computed pursuant to 15-16-201.

17 ~~{2}--Upon receipt of the statement from the developer,~~
18 ~~the board shall consult with the county as to the adequacy~~
19 ~~of the statement.--The board shall approve or reject the~~
20 ~~statement within 30 days after the statement is submitted to~~
21 ~~the board.--The developer must commit himself to pay at least~~
22 ~~two-thirds of the anticipated increased cost to local~~
23 ~~government units resulting from the development of the~~
24 ~~statement shall be rejected.--The statement must be submitted~~
25 ~~to the board at a regularly scheduled board meeting.--If the~~

1 statement-is-approved,-the-board-shall-within-5-days-notify
2 the-board-of-land-commissioners-of-its-approval---If-the
3 statement-is-rejected,-the-board-shall-provide-the-developer
4 in-writing-with-specifie-reasons-why-the-statement-is
5 deficient.

6 (2) The developer's statement shall be submitted to
7 the board at a scheduled board meeting. The board will
8 consider the statement during the thirty (30) days following
9 that meeting and will consult with the commissioners of the
10 counties in which the development will occur to determine if
11 the developer's description of the impact meets the require-
12 ments of [section 10c]. The board will approve the statement
13 in writing prior to the end of said thirty day period, or
14 advise the developer in writing within the same period
15 specifying in detail those requirements of [section 10c] which
16 have not been adequately satisfied. The board will then
17 proceed to determine those needs if any which cannot be met
18 by tax prepayments pursuant to 15-16-201 or by school bond
19 agreements pursuant to 20-9-407. The unsatisfied needs will
20 then be considered by the board for bonding or supplemental
21 financing through the issuance of hardrock impact bonds as
22 provided in [section 6].

23 NEW-SECTION:--Section-11:--Permit-procedure-and-review
24 of-statement-to-run-concurrently---It-is-intended-that-the
25 procedure-for-fulfilling-the-permit-requirement-of-82-4-335-

1 and-the-review-of-the-developer's-statement-by-the-board
2 under-[section-10]-are-to-run-concurrently--If-the
3 requirements-for-a-permit-prescribed-in-82-4-335-have
4 otherwise-been-met, the-board-of-land-commissioners-shall
5 issue-a-letter-stating-that-the-permit-will-be-issued-at
6 such-time-as-the-board-has-approved-the-statement-of-the
7 developer-under-[section-10].

8 Section 12 11. Section 15-38-202, MCA, is amended
9 to read:

10 "15-38-202. Investment of resource indemnity trust
11 account -- expenditure -- minimum balance. All moneys paid
12 into the resource indemnity trust account shall be invested
13 at the discretion of the board of investments. All the net
14 earnings accruing to the resource indemnity trust account
15 shall annually be added thereto until it has reached the sum
16 of \$10 million. Thereafter, only the net earnings may be
17 appropriated-and-expended are deposited in the general fund
18 subject to the prior pledge and appropriation of such earnings
19 for the payment of hard-rock mining impact bonds until the
20 account reaches \$100 million. Thereafter, all net earnings
21 and all receipts shall be appropriated-by-the-legislature-and
22 expended deposited in the general fund subject to the prior
23 pledge and appropriation of such earnings for the payment of
24 hard-rock mining impact bonds, provided that the balance in
25 the account may never be less than \$100 million."

1 Section 12:--Section 82-4-335, MCA, is amended to read: *

2 "82-4-335--Operating permit:--(1)--No person shall
3 engage in mining or disturb land in anticipation of mining
4 in the state without first obtaining an operating permit
5 from the board to do so:--A separate operating permit shall
6 be required for each mine complex:--Prior to receiving an
7 operating permit from the board, any person must pay the
8 basic permit fee of \$25 and must submit an application on a
9 form provided by the board, which shall contain the following
10 information and any other pertinent data required by the
11 rules:

12 (1)(a)--name and address of the operator and, if a
13 corporation or other business entity, the name and address
14 of its principal officers, partners, and the like and its
15 resident agent for service of process, if required by law;

16 (2)(b)--minerals expected to be mined;

17 (3)(c)--a proposed reclamation plan;

18 (4)(d)--expected starting date of mining;

19 (5)(e)--a map showing the specific area to be mined and
20 the boundaries of the land which will be disturbed, topographic
21 detail, the location and names of all streams, roads, railroads,
22 and utility lines on or immediately adjacent to the area,
23 location of proposed access roads to be built and the names
24 and addresses of the surface and mineral owners of all lands
25 within the mining area, to the extent known to applicant;

1 (6)(f)--types-of-access-roads-to-be-built-and-manner-of
2 reclamation-of-road-sites-on-abandonment, and

3 (7)(g)--a-plan-of-mining-which-will-provide, within
4 limits-of-normal-operating-procedures-of-the-industry, for
5 completion-of-mining-and-associated-land-disturbances.

6 (2)--Except-as-provided-in-subsection-(3), the-permit
7 provided-for-in-subsection-(1)-may-not-be-issued-until-the
8 hard-rock-mining-board-approves-the-plan-submitted-in
9 compliance-with-[section-10].--If, however, all-the
10 requirements-for-obtaining-an-operating-permit-have-been-met
11 except-the approval-of-the-hard-rock-mining-board, the-board
12 shall-issue-a-letter-stating-that-the-permit-will-be-issued
13 at-such-time-as-the-hard-rock-mining-board-approves-the
14 statement-of-the-developer-under-[section-10].

15 (3)--Compliance-with-[section-10]-is-not-required-for
16 exploration-and-bulk-sampling-for-metallurgical-testing-when
17 the-appregate-samples-are-less-than-10,000-tons."

18 NEW SECTION. Section 12. Non-compliance with the
19 provisions of this act. Failure to submit information required
20 by this act or the submission of knowingly false information
21 in any report to the board will subject the developer to a
22 civil penalty of \$10,000 for each violation, recoverable by
23 the attorney general in a civil action in the district court
24 of the first judicial district court or the district court
25 in the county where the development is planned to occur, and

1 the attorney general will also apply for injunctive or other
2 appropriate relief.

3 Section 13. Section 20-9-407, MCA, is amended to
4 read:

5 "Section 20-9-407. New industrial facility special
6 financing authority.

7 ~~(1)-In-a-school-district-within-which-a-new-major~~
8 ~~industrial-facility-which-seeks-to-qualify-for-taxation-as~~
9 ~~class-five-property-under-15-6-135-is-being-constructed-or~~
10 ~~is-about-to-be-constructed,-the-school-district-may-require,~~
11 ~~as-a-precondition-of-the-new-major-industrial-facility~~
12 ~~qualifying-as-class-five-property,-that-the-owners-of-the~~
13 ~~proposed-industrial-facility-enter-into-an-agreement-with-the~~
14 ~~school-district-concerning-the-issuing-of-bonds-in-excess-of~~
15 ~~the-29%-limitation-prescribed-in-20-9-406---Under-such-an~~
16 ~~agreement,-the-school-district-may,-with-the-approval-of-the~~
17 ~~voters,-issue-bonds-which-exceed-the-limitation-prescribed~~
18 ~~in-this-section-by-a-maximum-of-29%-of-the-estimated-taxable~~
19 ~~value-of-the-property-of-the-new-major-industrial-facility~~
20 ~~subject-to-taxation-when-completed---The-estimated-taxable~~
21 ~~value-of-the-property-of-the-new-major-industrial-facility~~
22 ~~subject-to-taxation-shall-be-computed-by-the-department-of~~
23 ~~revenue-when-requested-to-do-so-by-a-resolution-of-the-board~~
24 ~~of-trustees-of-the-school-district---A-copy-of-the-depart-~~
25 ~~ment's-statement-of-estimated-taxable-value-shall-be-printed~~

1 on each ballot used to vote on a bond issue proposed under
2 this section.

3 (2)---Pursuant to the agreement between the new major
4 industrial facility and the school district and as a
5 precondition to qualifying as class five property, the new
6 major industrial facility and its owners shall pay, in
7 addition to the taxes imposed by the school district on
8 property owners generally, so much of the principal and
9 interest on the bonds provided for under this section as
10 represents payment on an indebtedness in excess of the
11 limitation prescribed in this section.---After the completion
12 of the new major industrial facility and when the indebtedness
13 of the school district no longer exceeds the limitation
14 prescribed in this section, the new major industrial facility
15 shall be entitled, after all the current indebtedness of the
16 school district has been paid, to a tax credit over a period
17 of no more than 20 years.---The credit shall as a total amount
18 be equal to the amount which the facility paid the principal
19 and interest of the school district's bonds in excess of its
20 general liability as a taxpayer within the district.

21 (3)---A major industrial facility is a facility subject
22 to the taxing power of the school district, whose construction
23 or operation will increase the population of the district,
24 imposing a significant burden upon the resources of the district
25 and requiring construction of new school facilities.---A

1 ~~significant-burden-is-an-increase-in-ANB-of-at-least-20% in~~
2 ~~a-single-year.~~

3 (1) When a major industrial facility as defined in
4 15-16-201 seeks to locate in a county of the state and has
5 filed the educational impact statement required by 20-1-208
6 indicating that construction or operation of the facility
7 will increase population so as to impose a significant burden
8 upon the resources of any school district therein requiring
9 the construction of new school facilities, the superintendent
10 of public instruction shall consult with the trustees of the
11 local school districts and together they will determine the
12 need for new school facilities.

13 (2) When the need for new school facilities is deter-
14 mined the owners of the industrial facility will enter into
15 an agreement with the county and the trustees of the school
16 district which has the burden for the issuance of bonds to
17 cover the cost of the burden of such new construction. A
18 significant burden is an increase in ANB of at least 20% in
19 a single year.

20 (3) The agreement with the owners of the new industrial
21 facility shall provide for a guarantee of the payment, in
22 addition to the taxes imposed by the school district on
23 property owners generally, so much of the principal and
24 interest on the bonds provided for in this section as repre-
25 sents the burden created by the location of the facility in

1 the county. Payment will then be made by an annual special
2 tax levy on the property of the industrial facility sufficient
3 to retire the principal and interest on these special impact
4 bonds. The agreement will be submitted for approval to the
5 taxpayers of the county and upon approval thereof at a special
6 bond election held in accordance with law the owners of the
7 new major industrial facility will be entitled, after the
8 current indebtedness of the district resulting from the
9 burden has been paid, to a tax credit over a period of twenty
10 (20) years. The credit shall as a total amount be equal to
11 the amount the facility paid in principal and interest in
12 excess of its general liability as a taxpayer within the
13 county. The debt limits set forth in 20-9-406 will not apply
14 to these bonds.

15 (4) The estimated taxable valuation of the property
16 of the new major industrial facility shall be computed by
17 the department of revenue when requested to do so by a re-
18 solution of the board of trustees of the burdened district.

19 (5) The county commissioners of the county, the
20 trustees of the school district and the superintendent of
21 public instruction will execute the agreement with the owner
22 of the new major industrial facility for the issuance of any
23 special industrial educational impact bonds provided for in
24 this section.

25 Section 14. Section 15-16-201, MCA, is amended to read:

1 "15-16-201. Tax prepayment -- new industrial facilities.

2 (1) A person intending to construct or locate a major new
3 industrial facility, as defined in subsection (2) of this
4 section, shall upon request of the board of county commis-
5 sioners of the county in which the facility is to be located,
6 prepay, when permission is granted to construct or locate by
7 the appropriate governmental agency, an amount equal to
8 three times the estimated property tax due the year the
9 facility is completed. The person who is to prepay under
10 this section shall not be obligated to prepay the entire
11 amount at one time but, upon request of the board of county
12 commissioners of the county, shall prepay only that amount
13 shown to be needed from time to time. To assure this pay-
14 ment or payments, the person who is to prepay shall guarantee
15 to the board of county commissioners and also have a bank
16 or banks guarantee that these amounts will be paid as needed
17 for expenditures created by the impact. When the facility is
18 completed and assessed by the department of revenue, it shall
19 be subject during the first 3 years and thereafter to taxation
20 as all other property similarly situated, except that ~~one-fifth~~
21 one-tenth of the amount prepaid shall be allowed as a credit
22 against property taxes in each of the first 5 10 years after
23 the start of productive operation of the facility.

24 (2) A major new industrial facility is a manufacturing
25 or mining facility which will employ on an average annual

1 basis at least 100 people in construction or operation
2 of the facility and which will create a substantial adverse
3 impact on existing state, county, or municipal services.

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5 -End-
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AMENDMENTS TO INTRODUCED HOUSE BILL NO. 718

1. Title, line 8

Following: "GOVERNMENT;"

Strike: "AND"

2. Title, line 10

Following: "BOARD;"

Insert: "TO PROVIDE PENALTIES; TO AUTHORIZE SPECIAL FINANCING AUTHORITY FOR SCHOOL DISTRICTS AND COUNTIES; TO PROVIDE TAX CREDIT;"

3. Title, line 10

Following: "SECTIONS"

Insert: "15-16-201,"

4. Title, line 10

Following: "15-38-202,"

Insert: "AND 20-9-407,"

5. Page 1, line 16

Following: "governor"

Insert: "and shall include the superintendent of public instruction and the director of the bureau of mines and geology"

6. Page 1, line 17

Following: "select the"

Insert: "other"

7. Page 4

Following: line 5

Insert: "(3) 'Large scale mineral development' is a development which will employ on an average annual basis at least 100 people in construction of facilities or operation of the mines and which will create a substantial adverse impact on existing state, county or local government.

Renumber: all subsequent subsections

8. Page 4, line 9

Following: "facilities"

Insert: "-- procedure"

9. Page 4

Following: line 16

Insert: "(4) The provisions of the Montana administrative procedure act shall apply to the determinations and proceedings of the board."

10. Page 5, line 13

Following: "funds"

Insert: "from tax prepayments and other sources"

11. Page 6, line 10

Following: (1)

Strike: "Before a permit is issued under 82-4-335,"

Insert: "When an application is filed pursuant to 82-4-335 and before a permit is issued thereunder,"

12. Page 6, line 20

Following: "treatment,"

Strike: "schools,"

13. Page 6, line 22

Following: "development"

Insert: "including a copy of the educational impact statement required by 20-1-208"

14. Page 6, line 25

Following: "services"

Insert: "computed pursuant to 15-16-201"

15. Page 7, lines 1 through 14

Strike: subsection (2) in its entirety

Insert: "(2) The developer's statement shall be submitted to the board at a scheduled board meeting. The board will consider the statement during the thirty (30) days following that meeting and will consult with the commissioners of the counties in which the development will occur to determine if the developer's description of the impact meets the requirements of [section 10(c)]. The board will approve the statement in writing prior to the end of said thirty-day period, or advise the developer in writing within the same period specifying in detail those requirements of [section 10(c)] which have not been adequately satisfied. The board will then proceed to determine those needs if any which cannot be met by tax prepayments pursuant to 15-16-201 or by school bond agreements pursuant to 20-9-407. The unsatisfied needs will then be considered by the board for bonding or supplemental financing through the issuance of hardrock impact bonds as provided in [section 6].

16. Page 7, lines 15 through 24

Strike: NEW SECTION, Section 11, in its entirety

Renumber: all subsequent sections

17. Page 8, lines 19 through 25, and pages 9 and 10

Strike: section 13 in its entirety

Insert: "NEW SECTION. Section 12. Non compliance with the provisions of this act. Failure to submit information required by this act or the submission of knowingly false

information in any report to the board will subject the developer to a civil penalty of \$10,000 for each violation, recoverable by the attorney general in a civil action in the district court of the first judicial district or the district court in the county where the development is planned to occur, and the attorney general will also apply for injunctive or other appropriate relief."

18. Page 10

Following: line 11

Insert: "Section 13. Section 20-9-407, MCA, is amended to read:

"Section 20-9-407. New industrial facility special financing authority. (1) When a major industrial facility as defined in 15-16-201 seeks to locate in a county of the state and has filed the educational impact statement required by 20-1-208 indicating that construction or operation of the facility will increase population so as to impose a significant burden upon the resources of any school district therein requiring the construction of new school facilities, the superintendent of public instruction shall consult with the trustees of the local school districts and together they will determine the need for new school facilities.

(2) When the need for new school facilities is determined the owners of the industrial facility will enter into an agreement with the county and the trustees of the school district which has the burden for the issuance of bonds to cover the cost of the burden of such new construction. A significant burden is an increase in ANB of at least 20% in a single year.

(3) The agreement with the owners of the new industrial facility shall provide for a guarantee of the payment, in addition to the taxes imposed by the school district on property owners generally, of so much of the principal and interest on the bonds provided for in this section as represents the burden created by the location of the facility in the county. Payment will then be made by an annual special tax levy on the property of the industrial facility sufficient to retire the principal and interest on these special impact bonds.

(4) The agreement will be submitted for approval to the taxpayers of the county and upon approval thereof at a special bond election held in accordance with law the owners of the new major industrial facility will be entitled, after the current indebtedness of the district resulting from the burden has been paid, to a tax credit over a period of twenty (20) years. The credit shall as a total amount be equal to the amount the facility paid in principal and

interest in excess of its general liability as a taxpayer within the county. The debt limits set forth in 20-9-406 will not apply to these bonds.

(5) The estimated taxable valuation of the property of the new major industrial facility shall be computed by the department of revenue when requested to do so by a resolution of the board of trustees of the burdened district.

(6) The county commissioners of the county, the trustees of the school district and the superintendent of public instruction will execute the agreement with the owner of the new major industrial facility for the issuance of any special industrial educational impact bonds provided for in this section."

19. Page 10

Following: Section 13

Insert: "Section 14. Section 15-16-201, MCA, is amended to read:

"Section 15-16-201. Tax prepayment -- new industrial facilities. (1) A person intending to construct or locate a major new industrial facility, as defined in subsection (2) of this section, shall upon request of the board of county commissioners of the county in which the facility is to be located, prepay, when permission is granted to construct or locate by the appropriate governmental agency, an amount equal to three times the estimated property tax due the year the facility is completed. The person who is to prepay under this section shall not be obligated to prepay the entire amount at one time but, upon request of the board of county commissioners of the county, shall prepay only that amount shown to be needed from time to time. To assume this payment or payments, the person who is to prepay shall guarantee to the board of county commissioners and also have a bank or banks guarantee that these amounts will be paid as needed for expenditures created by the impact. When the facility is completed and assessed by the department of revenue, it shall be subject during the first 3 years and thereafter to taxation as all other property similarly situated, except that one-tenth of the amount prepaid shall be allowed as a credit against property taxes in each of the first 10 years after the start of productive operation of the facility.

(2) A major new industrial facility is a manufacturing or mining facility which will employ on an average annual basis at least 100 people in construction or operation of the facility and which will create a substantial adverse impact on existing state, county, or municipal services."

WILL WORK

STEP 1 - THE TAX PREPAYMENT ACT
15-16-201 TO THE COUNTY
• 3 TIMES THE VALUE OF FACILI
• CREDIT OVER TEN YEARS

STEP 2 - SPECIAL IMPACT BONDS
20-9-407 - ^{SCHOOL IMPACT} ~~BONDING BY AGREEMENT~~
• THE PREVIOUS LAW HAS BEEN FULLY AMENDED.
• THE IMPACT BONDS APPLY ONLY TO THE INDUSTRIAL PROPERTY CAN THE IMPACT. (AND TO NO ONE ELSE)
• THE FACILITY IS GIVEN A TAX CR AFTER THE BONDS ARE PAID, SPREAD OVER 20 YEARS.

STEP 3 - RESOURCE INDEMNITY TRUST FUND
15-38-101 GRANTS & BONDING B THE HARD ROCK IMPACT
• AVAILABLE FUNDING TO SUPPLEMENT PREPAYMENTS & SPECIAL IMPACT BONDS
• THESE FUNDS SHOULD BE USED FOR LOCAL IMPACTS AS PROVIDED IN PRELEGISLATIVE POLICY.

42
WOULD APPLY TO STILLWATER
PGM RESOURCES

CAPITAL IMPROVEMENT

REVENUE NEEDS AS PROJECTED BY
SWEET GRASS COUNTY PLANNING
DIRECTOR -

\$ 5,526,920

Projected Assessed Values of Mine-Mill Complex

STEP 1
PAYMENT

10 MILLION REAL ESTATE $\times 8.55\% = \$855,000$

30 MILLION MACHINERY & EQUIP $\times 11\% = \$3,300,000$

TOTAL TAXABLE \$4,155,000

THREE TIMES TAXABLE

12,465,000

AS PER 15-16-201

REVENUE PRODUCED AT CURRENT LEVY

(206.46 MILLS PER MONTAX)

\$12,567,700

STEP 2
SPECIAL
BONDING

YIELDS ALL NECESSARY

SCHOOL DISTRICT CAPITAL REQ.

\$3,000,000

W/OUT COST TO OTHER TAXPAYERS

AVAILABLE TOTAL

\$15,567,700

STEP 3
RESOURCE

- SUPPLEMENTAL

FUNDING

INDEMNITY

AVAILABLE -

245T BOND & GRANTS

FOR CITY OF BIG TIMBER

FIRST:

TAXATION

Part 2

Special Payment Provisions

15-16-201. Tax prepayment — new industrial facilities. (1) A person intending to construct or locate a major new industrial facility, as defined in subsection (2) of this section, shall upon request of the board of county commissioners of the county in which the facility is to be located, prepay, when permission is granted to construct or locate by the appropriate governmental agency, an amount equal to three times the estimated property tax due the year the facility is completed. The person who is to prepay under this section shall not be obligated to prepay the entire amount at one time but, upon request of the board of county commissioners of the county, shall prepay only that amount shown to be needed from time to time. To assure this payment or payments, the person who is to prepay shall guarantee to the board of county commissioners and also have a bank or banks guarantee that these amounts will be paid as needed for expenditures created by the impact. When the facility is completed and assessed by the department of revenue, it shall be subject during the first 3 years and thereafter to taxation as all other property similarly situated, except that one-third of the amount prepaid shall be allowed as a credit against property taxes in each of the first 3 years after the start of productive operation of the facility.

(2) A major new industrial facility is a manufacturing or mining facility which will employ on an average annual basis at least 100 people in construction or operation of the facility and which will create a substantial adverse impact on existing state, county, or municipal services.

History: En. 84-41-105 by Sec. 1, Ch. 419, L. 1975; R.C.M. 1947, 84-41-105.

SECOND:

20-9-407. Industrial facility agreement for bond issue in excess of maximum. (1) In a school district within which a new major industrial facility which seeks to qualify for taxation as class five property under 15-6-135 is being constructed or is about to be constructed, the school district may require, as a precondition of the new major industrial facility qualifying as class five property, that the owners of the proposed industrial facility enter into an agreement with the school district concerning the issuing of bonds in excess of the 29% limitation prescribed in 20-9-406. Under such an agreement, the school district may, with the approval of the voters, issue bonds which exceed the limitation prescribed in this section by a maximum of 29% of the estimated taxable value of the property of the new major industrial facility subject to taxation when completed. The estimated taxable value of the property of the new major industrial facility subject to taxation shall be computed by the department of revenue when requested to do so by a resolution of the board of trustees of the school district. A copy of the department's statement of estimated taxable value shall be printed on each ballot used to vote on a bond issue proposed under this section.

(2) Pursuant to the agreement between the new major industrial facility and the school district and as a precondition to qualifying as class five property, the new major industrial facility and its owners shall pay, in addition to the taxes imposed by the school district on property owners generally, so much of the principal and interest on the bonds provided for under this section as represents payment on an indebtedness in excess of the limitation prescribed in this section. After the completion of the new major industrial facility and when the indebtedness of the school district no longer exceeds the limitation prescribed in this section, the new major industrial facility shall be entitled, after all the current indebtedness of the school district has been paid, to a tax credit over a period of no more than 20 years. The credit shall as a total amount be equal to the amount which the facility paid the principal and interest of the school district's bonds in excess of its general liability as a taxpayer within the district.

(3) A major industrial facility is a facility subject to the taxing power of the school district, whose construction or operation will increase the population of the district, imposing a significant burden upon the resources of the district and requiring construction of new school facilities. A significant burden is an increase in ANB of at least 20% in a single year.

History: En. 75-7104 by Sec. 395, Ch. 5, L. 1971; amd. Sec. 3, Ch. 33, L. 1973; amd. Sec. 32, Ch. 100, L. 1973; amd. Sec. 1, Ch. 353, L. 1974; amd. Sec. 1, Ch. 56, L. 1975; amd. Sec. 1, Ch. 432, L. 1975; amd. Sec. 46, Ch. 566, L. 1977; R.C.M. 1947, 75-7104(3) thru (5); amd. Sec. 26, Ch. 693, L. 1979.

Part 1

General Provisions

15-38-101. Short title. This chapter shall be known and may be cited as "The Montana Resource Indemnity Trust Act".

History: En. 84-7001 by Sec. 1, Ch. 497, L. 1973; R.C.M. 1947, 84-7001.

15-38-102. Legislative policy. It is the policy of this state to provide security against loss or damage to our environment from the extraction of nonrenewable natural resources. Recognizing that the total environment consists of our air, water, soil, flora, fauna, and also of those social, economic, and cultural conditions that influence our communities and the lives of our individual citizens, it is necessary that this state be indemnified for the extraction of those resources. Therefore, it is the purpose of this chapter to provide for the creation of a resource indemnity trust in order that the people and resources of Montana may long endure. }

History: En. 84-7002 by Sec. 2, Ch. 497, L. 1973; R.C.M. 1947, 84-7002.

* * * * *

15-38-202. Investment of resource indemnity trust account — expenditure — minimum balance. All moneys paid into the resource indemnity trust account shall be invested at the discretion of the board of investments. All the net earnings accruing to the resource indemnity trust account shall annually be added thereto until it has reached the sum of \$10 million. Thereafter, only the net earnings may be appropriated and expended until the account reaches \$100 million. Thereafter, all net earnings and all receipts shall be appropriated by the legislature and expended, provided that the balance in the account may never be less than \$100 million.

History: En. 84-7009 by Sec. 9, Ch. 497, L. 1973; R.C.M. 1947, 84-7009.

15-38-203. Purpose of fund usage. Any funds made available under this chapter shall be used and expended to improve the total environment and rectify damage thereto.

History: En. 84-7010 by Sec. 10, Ch. 497, L. 1973; R.C.M. 1947, 84-7010.

NOTE
REQUIRE
MENT



2011/1/17

I am Arnold Tollefson, chairman of the Sweet Grass County Farm Bureau legislative committee, from Big Timber. I am here today as a representative of the two hundred plus member families that comprise the Sweet Grass County Farm Bureau. Approximately seventy five percent of our membership is comprised of families who are actively engaged in agriculture while the remaining twenty five percent is comprised of local businessmen and persons whose livelihood is dependent on agriculture.

We, as an organization, are very concerned about the mining complex that is proposed for our area, and the related economic impact that this complex would create. Our concern is not directed at attempts to prevent this industry or any other from locating within our county, but rather it is directed at problems that will occur within our school system, our law enforcement agencies, and all other social services if the proposed complex does indeed become a reality. We feel that some form of legislation is needed to safeguard the lifestyle of the county residents and to insure a responsible, well run community that would be desirable to move into for those who will be employed by this new industry. In our opinion House Bill 718 would provide this insurance while not being overly burdensome to the mining companies involved.

In conclusion I would like to express my appreciation for the opportunity to express my opinion and would hope that you can appreciate our position and that you would act on this bill in a manner favorable to the bill and its sponsors. Thank you.

House Bill 718

I have four questions regarding this bill:

- ① What are the estimated gross proceeds for each of the new hard rock mines?
- ② Why shouldn't hard rock mining companies pay for hard rock impacts? If interest from the resource indemnity trust is used to pay for impact, isn't the Montana taxpayer footing the bill?
- ③ How many hard rock mines will start up in 10 years? Will the interest from the Resource indemnity trust be adequate?
- ④ Why shouldn't the hard rock mining companies be liable for the tail end impacts?

Respectfully submitted



316. 11th Ave. Rt

Big Timber, Mont

55011

THE HINES

THE HINES

THE HINES BOX 1040 BIG TIMBER MONTANA 59711

February 19, 1981

Dear

The history of the mining industry in the United States contains little in the way of convincing evidence as to its concern for communities in which it operates. We have only to look at the deplorable conditions which have prevailed in Appalachia, the Alleghenies and the Kentucky mining areas to realize how inadequately the companies have borne their responsibility to the areas from which they have profited.

In the matter of ecological impact, we can again look eastward to witness the tradition of unconcern on the part of the companies.

We in the western states have the advantage of such overviews to give us a base upon which to build a better approach to the problems concomitant with pending mining operations. It is obvious that rural work-force populations will never supply the labor needs of large-scale mining. Major influxes of outside people will be descending on communities near the mining and smelting facilities. The tax bases of such towns and counties can in no way bear the burdens of those influxes.

The companies must be made to bear these costs, since it is to the sole benefit of the corporate entities that the mining activities are undertaken. An effective and fairly proportioned severance tax is the most sensible way to meet the problem. To expect help from vaguely defined "other sources" is to whistle to the wind. The launching of any mining operation in our mineral rich Mountain West should carry as part of operating cost support of the civic aspects of settling the work force in a manner not penalizing to present residents.

The western states stand in imminent danger of being converted to "Resource Colonies" by corporate and eastern state industrial entities, and being made to bear the cost of their own depletion.

There should be more to the price of our mineral wealth than the mere cost of extraction. What is being carried off is irreplaceable. Without a fixed Severance Tax, firmly enforced, Montanans will be driven to the wall by the costs implicit in the situation, as well as being left bereft of their natural resources.

Mining will be done. It should be welcomed. It should also pay its way fairly.

Respectfully,

encl:

*All of this applies equally to
Hardrock Mining*

The Billings Gazette

Opinion

Opinion Editor
Duane W. Bowler

Editor
Richard J. Fesnick

Publisher
George D. Remington

**Duane W.
Bowler**



BUT, ABOUT the Establishment West catching up to Harry and Gretchen, he sent a clipping from The Arizona Republic, a publication with political persuasion about 180 degrees to the right of that usually

ascribed to Harry by Montana Establishmentarians of yesteryear.

The headline on the editorial stated "No Free Lunch," followed by:

"Two dozen congressmen from the East and Midwest are asking the U.S. Supreme Court to limit severance taxes on strip-mined coal in Western states.

"They contend that Montana's 30 percent coal severance tax imposes an 'unreasonable burden' on consumers.

"They also assert that Montana is using the energy shortage — and its vast coal supplies — to gouge electricity customers by forcing them to subsidize Montana state government.

"Easterners are trying to brand Westerners as bandits.

"This is political rhetoric and soap box logic.

"Fuel costs began to soar in 1974. Domestic oil has climbed nearly 200 percent. Natural gas skyrocketed 400 percent. Coal rose 143 percent — most of that eastern coal.

"Coal is still the bargain of fuels. And Western coal is the best bargain.

"Most Eastern coal increased \$14 a ton during the 1970s, but Western coal rose an average of only \$4.50 a ton.

"So who's doing the gouging?

"Midwestern states that are large markets for western coal — Illinois, Indiana, Minnesota, Michigan and Wisconsin — levy a four percent sales tax on Western coal that produces more revenue for them than Montana receives from its severance tax.

"Why don't these states reduce their own taxes?

"Strip mined coal is tearing the face off the West. Therefore, such land must be reclaimed — at a cost. Someone must pay that price — who better than the beneficiaries?

"Other Western energy development, such as synthetic fuels, is causing enormous burdens on communities, which must provide new streets, schools, sewage disposal, water, and other essential public services.

"Neither Congress nor Eastern states have volunteered to bear those staggering financial burdens. And that says nothing of the funds needed to restore the West from environmental damage.

"Taxes levied by the states are used to support systems that help produce and transport coal to energy-hungry customers, and to help restore western lands exploited for Eastern customers.

"If the West must bear the burden of providing new energy, customers must expect to pay some of the costs."

Harry and Gretchen, are you sure you have been confining your Arizona efforts to geology, picture frames and painting?

We NEED the Severance Tax to Survive!!!

Dec. 17, 1951

Don't know

Thanks for all the hard work you have done
on your hard rock mining bill HB 718. We know how
much pressure you have had from many areas. Howard
and I want you to know we do support your
bill. We can't come up to testify because we
are leaving on a trip to Arizona and Calif. for a couple
weeks of rest. I think Arnold Pollock is
coming up to testify on the bill. I hope you
will have a lot of good testimony from your support
on your bill in the house.

and money.

Robert A. Nelson

Answer

Big Timber, Mont.
Feb 19, 1901

Dear Representative Amos Ellinger;

I feel that you have worked hard on
this bill & in making in the of your bill
H.B. 718 your hard Rock money bill.

My income is only from the Railroad which
is very small & very little & my Taxes would
get so high I wouldn't know what to do.
And I also very little Sec. Soc.

We will need that income from the mine
or we can't go on.

May your Bill go thru we need it
bad.

Sincerely

Mrs Anna B. Horton
Big Timber, Mont.
Box 24
59011

HOUSE BILL NO. 718

Mr. Chairman and members of the committee, my name is Curtis Carter, and I represent the Anaconda Copper Company. After attending the Senate Taxation Committee hearing on Senator Towe's severance tax bill last Tuesday, I can appreciate your concern and sincerity to the issue of economic impact mitigation. Anaconda Copper Company fully supports the goals of House Bill 718. However, we believe the bill should be amended to encompass an existing statute and redefine the powers of the Hard-Rock Mining Impact Board.

The tax prepayment provision established in 15-16-201, MCA, should be expanded and made a part of this bill. Specifically, 15-16-201 should include prepayment of taxes to the school districts as well as the county in which a new industrial facility is located and the tax credit period should be extended to eight years from the present five. If our Stillwater Project proves feasible, a prepayment of three times our estimated county, school district and gross proceeds of mine taxes would make approximately \$5 million available to these local units of government.

If prepayment of taxes is insufficient to meet the local needs or cannot be targeted to areas directly impacted by mine development, then assistance should be provided by the Hard-Rock Mining Impact Board.

Through these two vehicles (prepayment of property taxes and the Resource Indemnity Trust Fund) and voluntary contributions made by the mining companies, the mining industry will supply the capital required for public improvements caused by their development.

We do not believe that an additional permit should be required as currently called for in House Bill 718, nor do we believe that the policy

of "check book diplomacy" that is fostered by this bill is in the best interests of the state of Montana.

Thank you for your attention and consideration to these issues.

Curtis Carter
Anaconda Copper Company

Mr. Chairman and Members of the Committee:

My name is Cathy Donohoe. I am a rancher at Rye, So. of Columbus in Stillwater County. I ^{also} oppose H. B. 718.

We appreciate the intent of this bill, to help the impacted community. But there are numerous problems with it.

There is no tail end compact provision. We will need money when the mine closes down. Anaconda is proof of that now.

The two thirds upfront payment provision of this bill bothers me. ~~What kind of governmental policy concept is two thirds responsibility?~~ This bill admits the mining company should be responsible for the impacts it causes. What kind of governmental policy concept is two thirds responsibility?

We pay the bills and taxes on our ranch and the mining company should pay its taxes & bills. I am opposed to the mining bill.

would be much more appropriate
~~3444 proposed by Senator Jones~~
~~would be much better.~~

Thank you

Cathy G. Donohoe

SENATE JOINT RESOLUTION 14 SENATOR STEVE BROWN presented the resolution which requests a study of various elements of the Montana Major Facility Siting Act. He felt there are questions that need to be researched and questions that need to be answered. The area of synthetic fuel plants must be addressed and criteria developed even though Montana has yet to have that type of facility. Then, the issue of public need must be addressed. It is possible that this type of facility will be located in the state but that the product will be used elsewhere. This resolution also addresses transportation problems. Reasonable sites must be checked and also reasonable alternative sites. The standard of proof in the Colstrip hearings was the clear and convincing evidence. He did not feel that is what should be used.

Speaking as a proponent was JAMES MOCKLER, Montana Coal Council. He felt certain areas of the siting act must be addressed.

Opposing the resolution was LYLE QUICK, who felt the study would be a waste of taxpayer money and that it should not be done.

RON ERICKSON felt the funds were not available to do a comprehensive study. He further felt that the study needs to be done but not by a legislative committee. Perhaps a better method would be a grant to the Department of Natural Resources and a contract to an outside person or agency.

CHARLES YARGER of the Northern Plains Resource Council spoke in opposition of the resolution. See Exhibit 5.

REP. FRANCIS BARDANOUVE opposed the resolution stating that it may become a vehicle in a future legislature to attempt to gut the Major Facility Siting Act. It could be harmful in the end.

SENATOR BROWN closed on the resolution. He felt it is time to address some of the problems that need to be studied.

During questions from the committee, REP. BROWN asked LEO BERRY, Director of the Department of Natural Resources, if this type of study could be done by the department without additional personnel. MR. BERRY replied his department has the expertise but not the personpower.

The hearing on SJR 14 closed.

EXECUTIVE SESSION HOUSE BILL 718 REP. BROWN moved DO PASS on an amendment on page 6, line 13 (gray draft, Exhibit 6) that "or" be stricken and "and" added. It PASSED.

REP. BROWN moved that on page 7, line 11 after "professional" the word "staff" be added. It PASSED.

Natural Resources
March 25, 1981
Page 4

REP. BROWN further moved that on page 7, line 8, a subsection (5) be added stating that an earmarked revenue fund be created consisting of such sums as are paid from time to time to the board by the developer in compliance with the written guarantee from the developer to meet costs of public services. Also, adding on page 7, line 15, a subsection (d) which states that payments to local governments from funds paid to the hard-rock mineral fund will be made. The motion PASSED with REP. NEUMAN opposing.

REP. BROWN moved that on page 14, line 19 "as determined by the board" be added. It PASSED.

Also PASSED on a motion by REP. BROWN were two amendments proposed by the Department of State Lands on page 20, line 2.

The amendments are attached herewith as Exhibit 7.

Another motion by REP. BROWN dealing with tax prepayment on page 15, section 5, PASSED. It was an amendment prepared by JIM OPPEDAHN of the Legislative Council and is attached with Exhibit 7.

REP. BROWN then moved HB 718 DO PASS AS AMENDED.

REP. NEUMAN objected to the bill because it does not deal with tax prepayment as the original bill did.

The motion PASSED with REPS. HUENNEKENS, NEUMAN, and KEEDY opposing.

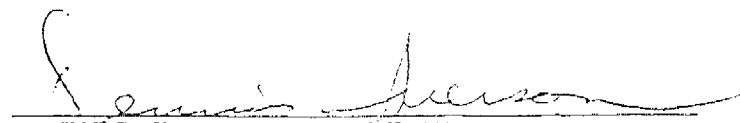
SENATE BILL 123 REP. MUELLER moved SB 123 be TABLED. The motion FAILED with REPS. IVERSON, BURNETT, CURTISS, SALES, ASAY, HARP, ROTH, COZZENS, and ABRAMS opposing.

REP. ROTH then moved BE CONCURRED IN. The motion FAILED with REPS. MUELLER, BERTELSEN, HARP, HUENNEKENS, KEEDY, SHELDEN, BROWN, NEUMAN, and HART opposing.

REP. BERTELSEN moved that the vote be reversed to BE NOT CONCURRED IN with REPS. IVERSON, BURNETT, CURTISS, SALES, ASAY, ROTH, COZZENS, and ABRAMS opposing.

The meeting adjourned at 3:00 p.m.

Respectfully submitted,


DENNIS IVERSON, CHAIRMAN

Ellen Engstedt, Secretary

HB 718 (Second Draft, Gray Copy)

Suggested Amendments by the Department of State Lands

1. Amend page 20, line 2

Following: "BOARD"

Insert: "; upon receipt of written notice from the hard rock mining impact board,"

2. Amend page 20, line 2--

Following: "UNTIL"

Insert: "it receives written notice from the hard rock mining impact board that"

These amendments clarify the fact that all decisions regarding the contents of the Impact Plan and Time Schedule and compliance with the plan as provided for in Section 7 will be made by the Hard Rock Impact Board and not the Board of Land Commissioners.

Page 7, line 2

Following: line 8

Insert: Subsection (5) which reads: "(5) An ear-marked revenue fund known as the hard-rock mineral impact fund shall be created consisting of such sums as are paid from time to time to the board by the developer in compliance with the written guarantee from the developer to meet the increased costs of public services and facilities as specified in the approved impact plan."

Page 7, line 15

Following: line 15

Insert: New subsection which reads: "(D) makes payments to local governments from the money paid to the hard-rock mineral fund."

Renumber: Subsequent subsections

Page 5, line 1.

Following: "OF"

Insert: "subsections (2) through (5) and (7) and (8) of"

(5) A LOCAL GOVERNMENT UNIT THAT RECEIVED PROPERTY TAX PREPAYMENT UNDER THIS SECTION SHALL PROVIDE FOR REPAYMENT ACCORDING TO THE FOLLOWING PROCEDURE:

(a) IN EACH YEAR AFTER THE COMMENCEMENT OF MINING, THE LOCAL GOVERNMENT SHALL:

(i) divide its budget by the average mill levy of its jurisdiction during the three years immediately preceding commencement of mining operations, to arrive at a taxable valuation needed to fund its budget using the average three year mill levy;

(ii) reduce the taxable valuation of property of a person who prepayed property taxes by the difference between the actual taxable value of the person's property and the taxable value determined under subsection (5)(a)(i).

(b) The reduction in taxable value, if any, determined under subsection (5)(a)(ii) times the average mill levy used in subsection (5)(a)(i) equals the property tax prepayment credit allowed for the taxable year.

(c) The procedure established under subsection (5)(a) shall continue from year to year until the total credit allowed the person who prepayed property taxes equals the total property taxes prepayed.

Proposed Amendments to HB 718
(Second Draft of Grey Version)

1. Page 2, lines 14 and 15
Following: "two" on line 14
Strike: "REPRESENTATIVES OF MAJOR FINANCIAL INSTITUTIONS IN MONTANA;"
Insert: "ELECTED MUNICIPAL OFFICIALS;"
2. Page 4, lines 7 through 19
Strike: lines 7 through 19 in their entirety
Insert: "(9) Board members are entitled to compensation for their service and reimbursement for travel expenses as is provided by 2-15-124(7)."
3. Page 4, lines 25 through line 1 of page 5.
Following: "BOARD" on line 25 of page 4
Strike: "; HOWEVER, THE"
Insert: "."
Strike: line 1, page 5 in its entirety
4. Page 5, line 6
Following: "operation"
Insert: "and its associated ore processing, smelting, refining, and transportation facilities"
5. Page 5, line 17
Following: "meeting"
Insert: "both"
6. Page 5, line 18
Following: "initial"
Insert: "and continuing adverse"
Following: "financial"
Strike: "impact"
Insert: "impacts"
7. Page 6, lines 7 through 9
Following: "MEANS" on line 7
Strike: "A POLITICAL"
Strike: lines 8 and 9 in their entirety
Insert: "a county, city, town, school district or any special district governed by an elected board."
8. Page 6, lines 10 and 11
Following: "MEANS" on line 10
Strike: "A"
Strike: lines 11 through 13 in their entirety
Insert: "The construction or operation of a hard-rock mine and any associated facility for processing, smelting, refining, or transporting or that will:"

9. Page 7, line 4
Following: "only"
Insert: "as prescribed in 2-15-121"
10. Page 7, line 8
Following: line 8
Insert: Subsection (5) which reads: "(5) An ear-marked revenue fund known as the hard-rock mineral impact fund shall be created consisting of such sums as are paid from time to time to the board by the developer in compliance with the written guarantee from the developer to meet the increased costs of public services and facilities as specified in the approved impact plan."
11. Page 7, line 15
Following: line 15
Insert: New subsection which reads: "(D) makes payments to local governments from the money paid to the hard-rock mineral fund."
Renumber: Subsequent subsections
12. Page 9, lines 7 through line 3 of page 12
Strike: lines 7 of page 9 through line 3 of page 12 in their entirety
Insert: "NEW SECTION. Section 7. Impact plan to be prepared and submitted and impact costs to be determined. Prior to applying for a hard-rock mining permit, any person proposing a large-scale mineral development shall provide to the hard-rock mining board, the local governments in the county or counties in which the mining is to occur and other affected local governments such information as may be necessary for these local governments to prepare an impact plan. 1) This information shall include but need not be limited to:
(a) the location of the proposed development and of existing or proposed access routes to the mine and any associated facilities;
(b) the anticipated time-table of the proposed development, including but not limited to permit application, construction, initial operation, peak production, and estimated closing date of the mine and any associated facilities;
(c) the anticipated types of occupations and numbers of employees to be needed year by year;
(d) the anticipated levels of production and processing, if any;
(e) the developer's estimate of the number of persons coming into the impact area as a result of development; and
(f) any policies already formulated by the developer related to the housing or transporting of employees of the proposed development.
2) The board shall designate that county in which the mine is to be located as lead jurisdiction to coordinate planning efforts in the potential impact area. Within 90 days the designated county in cooperation with the other affected jurisdictions shall submit to the board a proposal for impact planning which shall identify the impact planning needs and costs of needed planning within each affected jurisdiction."

12. Continued

3) Within 30 days of receiving the planning proposal, the board shall determine its adequacy and the appropriateness of the estimated planning costs. The board may make such adjustments as it deems necessary. The developer shall pay to the board a sum equal to the identified costs for local impact planning. The board shall distribute these moneys to the appropriate local governments.

4) Within 180 days the affected local governments shall prepare and submit to the board and to the developer an impact plan which shall include but need not be limited to:

(a) the information provided to the local governments by the person proposing the development;

(b) an estimate of the anticipated number of persons coming into the impact area as a result of the proposed development;

(c) an enumeration and description of temporary and permanent housing and public services and facilities which will be needed as a result of the proposed development;

(d) the estimated increase in capital and operating costs to local governments of providing each public service and facility needed as a result of the proposed development through at least the first five years of its operation; and

(e) the estimated financial or other assistance each local government will require to meet the increased costs for services and facilities each year through at least the first five years of operation of the proposed development.

5) Following its submission to the board the plan shall be made available for 90 days for review and comment by the developer, any affected local government, any resident or taxpayer of the impact area and the board. Comments and objections may be submitted to the board in writing, stating the reasons for each objection. The board shall promptly forward a copy of the comments and objections to the lead jurisdiction, any affected local government, and the developer."

Renumber: All subsequent subsections

13. Page 12, line 3

Following: "30"

Insert: "following the conclusion of the review period"

14. Page 12, line 5

Following: "conduct"

Strike: "a hearing"

Insert: "one or more hearings"

15. Page 12, line 12

Strike: "developer"

Insert: "local government jurisdiction"

16. Page 12, line 17

Following: "ACCORDINGLY."

Insert: "The board shall specifically identify those public service and facility costs which are the direct responsibility of the developer and shall specify the annual schedule of payment required of the

16. Continued developer through at least the first five years of operation of the mine."
17. Page 12, line 23
Following: line 23
Insert: three subsections which read as follows:
7) The board may review and revise the plan as needed. When the development has been in operation for no longer than four years, the board shall request that the affected local governments review and revise the impact plan to identify their projected impact needs and costs for subsequent years. This shall be done in the manner prescribed in section [7]. A local government shall identify the current and projected revenues available to it from the development if the development is within its taxing jurisdiction;
8) Upon receipt of the approved impact plan including the schedule of payment the developer shall provide the board with a written guarantee that it will make to the board all such payments as are required in the payment schedule of the approved plan. The board shall promptly notify the department of state lands of its receipt of the written guarantee, of each required payment and of any failure by the developer to comply with this section.
9) Upon receipt of evidence that the local governmental unit is providing or preparing to provide the additional service or facility described in the impact plan, the board shall pay to that local government in one sum or in parts the amount identified in the plan as the increased cost to the local government for that year for providing that public service or facility.
18. Page 14, lines 3 through line 20 on page 15
Strike: section 9 in its entirety
Renumber: all subsequent sections
19. Page 16, line 25
Following: "facility"
Insert: "or a large scale mineral development"
20. Page 17, line 6
Following: "completed"
Strike: "."
Insert: "; except that persons owning properties classified as new industrial property pursuant to 15-6-135 shall prepay taxes in an amount equal to at least three times the estimated property tax due the year the facility is completed. The request for prepayment of taxes may be made on behalf of any city, town, school district or special purpose district located within the county."
21. Page 17, line 18
Following: "that"
Strike: "one-fifth"
Insert: "one-tenth"

22. Page 17, line 19
Following: "first"
Strike: "5"
Insert: "10"
23. Page 17, lines 22 and 23
Following: "or" on line 22
Insert: "non-hard rock"
Strike: remainder of line 22
Strike: "development as defined in [section 3(4)]"
24. Page 18, line 2
Following: line 2
Insert: New subsection 3 which reads:
"3) A large scale mineral development is the construction or operation of a hard-rock mine and any associated facility for processing, smelting, refining, or transporting or that will:
(a) employ at any given time at least 50 people; or
(b) cause, or be expected to cause, an increase in estimated population of at least 15% in a county, town, school district, or other governmental unit when measured against the average population of such a governmental unit in the three-year period immediately preceding the construction of the mine and will create a substantial adverse impact on existing state, county, or municipal services."

- end -

Page 7, line 2

Following: line 8

Insert: Subsection (5) which reads: "(5) An ear-marked revenue fund known as the hard-rock mineral impact fund shall be created consisting of such sums as are paid from time to time to the board by the developer in compliance with the written guarantee from the developer to meet the increased costs of public services and facilities as specified in the approved impact plan."

Page 7, line 15

Following: line 15

Insert: New subsection which reads: "(D) makes payments to local governments from the money paid to the hard-rock mineral fund."

Renumber: Subsequent subsections

Page 5, line 1.

Following: "OF"

Insert: "subsections (2) through (5) and (7) and (8) of"

SENATE COMMITTEE TAXATION

Date Apr 14 1991 Thurs Bill No. 719 Time 9:40 a.m.

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)	✓	
SEN. BOB BROWN	✓	
SEN. STEVE BROWN	✓	
SEN. CRIPPEN		✓
SEN. ECK	✓	
SEN. ELLIOTT	✓	
SEN. HAGER	✓	
SEN. HEALY	✓	
SEN. MANLEY	✓	
SEN. NORMAN	✓	
SEN. OCHSNER	✓	
SEN. SEVERSON	✓	
SEN. TOWE	✓	
SEN. GOODOVER (CHAIRMAN)		✓

12 - 2

Betty Dean

Pat M. Goodover

Secretary

Chairman

Motion: Amendment about Court Costs. Brown's.

(include enough information on motion--put with yellow copy of committee report.)

SENATE COMMITTEE TAXATION

Date April 14, 1951 Y. L. H. H. H. Bill No. 718 Time 8:46 a.m.

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)		✓
SEN. BOB BROWN	✓	
SEN. STEVE BROWN	✓	
SEN. CRIPPEN		✓
SEN. ECK	✓	
SEN. ELLIOTT		✓
SEN. HAGER		✓
SEN. HEALY		✓
SEN. MANLEY		✓
SEN. NORMAN	✓	
SEN. OCHSNER		✓
SEN. SEVERSON		✓
SEN. TOWE	✓	
SEN. GOODOVER (CHAIRMAN)		✓

5 - 9

Betty Dean
Secretary
Motion: Int. page 13

Pat M. Goodover
Chairman

(include enough information on motion--put with yellow copy of committee report.)

SENATE COMMITTEE TAXATION

Date April 14 1981 House Bill No. 718 Time 9:00 a.m.

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)		✓
SEN. BOB BROWN	✓	
SEN. STEVE BROWN	✓	
SEN. CRIPPEN		✓
SEN. ECK	✓	
SEN. ELLIOTT		✓
SEN. HAGER	✓	
SEN. HEALY		✓
SEN. MANLEY		✓
SEN. NORMAN		✓
SEN. OCHSNER	✓	
SEN. SEVERSON		✓
SEN. TOWE	✓	
SEN. GOODOVER (CHAIRMAN)		✓

6 - 8

Betty Dean

Secretary

Motion:

Pat M. Goodover

Chairman

Smart "planning"

(Include enough information on motion—put with yellow copy of committee report.)

SENATE COMMITTEE TAXATION

Date Apr 14 1991 House Bill No. 719 Time 9:03 a.m.

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)		✓
SEN. BOB BROWN		✓
SEN. STEVE BROWN		✓
SEN. CRIPPEN	✓	
SEN. ECK	✓	
SEN. ELLIOTT	✓	
SEN. HAGER	✓	
SEN. HEALY		✓
SEN. MANLEY		✓
SEN. NORMAN		✓
SEN. OCHSNER		✓
SEN. SEVERSON		✓
SEN. TOWE		✓
SEN. GOODOVER (CHAIRMAN)		✓

4 - 10

Betty Dean

Secretary

Motion:

Pat M. Goodover

Chairman

Crissanti Goodover 125-157% Tax Credit

section

(include enough information on motion--put with yellow copy of committee report.)

SENATE COMMITTEE TAXATION

Date April 12, 1961 House Bill No. 718 Time 9:28 a.m.

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)		✓
SEN. BOB BROWN	✓	
SEN. STEVE BROWN	✓	
SEN. CRIPPEN		✓
SEN. ECK	✓	
SEN. ELLIOTT		✓
SEN. HAGER	✓	
SEN. HEALY		✓
SEN. MANLEY		✓
SEN. NORMAN	✓	
SEN. OCHSNER		✓
SEN. SEVERSON		✓
SEN. TOWE	✓	
SEN. GOODOVER (CHAIRMAN)		✓

6-8

Betty Dean

Secretary

Pat M. Goodover

Chairman

Motion: I ~~do~~ insert "as determined by the
agreement"

(include enough information on motion--put with yellow copy of committee report.)

SENATE COMMITTEE TAXATION

Date Apr. 14, 1961 House Bill No. 718 Time 9:37 a.m.

NAME:	YES	NO
SEN. McCALLUM (Vice-Chairman)		✓
SEN. BOB BROWN	✓	
SEN. STEVE BROWN	✓	
SEN. CRIPPEN	✓	
SEN. ECK	✓	
SEN. ELLIOTT	✓	
SEN. HAGER	✓	
SEN. HEALY	✓	
SEN. MANLEY		✓
SEN. NORMAN	✓	
SEN. OCHSNER	✓	
SEN. SEVERSON	✓	
SEN. TOWE	✓	
SEN. GOODOVER (CHAIRMAN)		✓

11 - 3

Betty Dean

Secretary

Motion: Section XV

Pat M. Goodover

Chairman

(include enough information on motion--put with yellow copy of committee report.)

SENATE COMMITTEE TAXATION

Date April 14, 1981 House Bill No. 718 Time 9:50 a.m.

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)	✓	
SEN. BOB BROWN	<i>abstain</i>	
SEN. STEVE BROWN	✓	
SEN. CRIPPEN		✓
SEN. ECK	✓	
SEN. ELLIOTT	✓	
SEN. HAGER	✓	
SEN. HEALY	✓	
SEN. MANLEY	✓	
SEN. NORMAN	✓	
SEN. OCHSNER	✓	
SEN. SEVERSON	✓	
SEN. TOWE	<i>abstain</i>	
SEN. GOODOVER (CHAIRMAN)	✓	

11 - 1

Betty Dean

Pat M. Goodover

Secretary

Chairman

Motion:

Be concurred in, as amended.

(include enough information on motion—put with yellow copy of committee report.)

NATURAL RESOURCES COMMITTEE

47th Legislature

Page 6

Bill No.	Subject Matter	Date In	Sponsor	Hearing Date	Committee Action	Date Out
652	An act to remove the prohibition of disposal of certain radioactive materials in the State of Montana enacted by Initiative 84 ...	2/5/81	Conroy, Marks, et.al.	2/16/81	AS AMENDED DO PASS	2/21/81
SB 80	An act specifically exempting peat mining from the hard-rock mining act;	2/9/81	Turnage	3/9/81	BE CONCURRED IN	3/13/81
SB 165	To provide for compensatory royalties in lieu of offset drilling on state oil and gas leases;	2/9/81	E. Smith	3/4/81	BE CONCURRED IN	3/4/81
697	An act to require a license to use a suction dredge in state waters and to provide a penalty.	2/10/81	McBride, Ellison, et.al.	2/16/81	AS AMENDED DO PASS	2/18/81
718	To create the hard-rock mining impact board; to require mineral developers to submit an economic impact plan to the board; to authorize the	2/11/81	Ellison, McLane, et.al.	2/20/81	AS AMENDED DO PASS	3/25/81
SB 123	An act relating to public resource land; providing for state ownership and control	2/12/81	Etchart, Manning, et.al.	3/23/81	BE NOT CONCURRED IN	3/25/81

Natural Resources
February 20, 1981
Page 3

Montana to discuss entering into a compact with other states. REP. BROWN suggested one amendment which would be inserting the word "commercial".

LARRY FASBENDER of the governor's office supported the resolution. He said this would help expedite some of the things necessary for this type of disposal.

ED DOBSON supported the resolution as did DON SNOW, representing the Environmental Information Center.

There were no OPPONENTS and the hearing closed. The hearing then opened on HB 718.

HOUSE BILL 718 REP. ORVAL ELLISON, chief sponsor, presented the bill which would create a hard-rock mining impact board. He explained the problems foreseen by his county with the installation of the Stillwater Complex. Sweetgrass County is a small, rural county with a population of about 3,000. The project will employ about 500 people so the anticipated growth to the county is 2,600. This obviously would create quite an impact. Somehow the companies are going to have to meet these impacts.

REP. JEAN MCLANE, another sponsor, supported the bill. See Exhibit 2.

ROBERT MARKS, another sponsor, said this bill would provide for front end impact for large mining operations. We need jobs but we need to have careful development. He explained that when the permit process starts, it goes through the Department of State Lands. When the final E.I.S. is developed, it shows what should be done. These permits would happen together so development could occur without delay. Then, there is time for the hard-rock board to do the final permit. The sponsors are hoping this will not become a complicated process. It would be possible to use money from the Indemnity Trust Fund.

ANDREW C. EPPLE supported the bill. See Exhibit 3.

TOM KELLY presented the committee with an impact statement prepared by his firm. See Exhibit 4.

BILL STERNHAGAN, Northwest Mining Association, said this is truly an impact bill and it will see that new mines pay their share.

KERMIT ANDERSON, a rancher from Sweetgrass County, supported the bill.

FRANKLIN GROSFIELD supported the bill. See Exhibit 5.

DALE OBERLY provided written testimony in support of the bill. See Exhibit 6.

OLE OIESTAD favored the bill. See Exhibit 7.

CONRAD B. FREDRICKS supported the bill. See Exhibit 8.

JAMES A. TULLEY supported the bill. See Exhibit 9.

DICK JOSEPHSON said his area wants jobs and businesses. He asked that the legislature settle this issue with this bill.

ED WEBBER said this bill is necessary. See Exhibit 10.

SENATOR PETE STOREY spoke in favor of the bill. He is from the district of the Stillwater project and he stated that this bill is important to his area.

WARD SHANAHAN presented several exhibits (attached as Exhibit 11) including a copy of a proposed bill with amendments.

CURTIS CARTER, Anaconda Copper Company, supported the bill. See Exhibit 12.

GEORGE JOHNSTON, ASARCO, endorsed the concept of this bill.

MIKE STEPHENS, Montana Association of Counties, said it is a step in the right direction.

BILL HAND supported the bill and the concept.

Other written testimony supporting the bill is attached as Exhibit 13.

Speaking as an opponent was MILES KEOGH, a rancher from Stillwater County. There are many people getting ready to mine in Montana and the funds available in the Resource Indemnity Trust Fund will not go very far. The money is in that fund because of oil, gas, and coal. He felt the mining companies should pay all of the impact costs. This bill seems to cover the front end costs but what about the other end? What happens when the company pulls out and leaves roads that are falling apart because of the excessive use? Those things should be worked out before this bill becomes law.

CATHY DONOHOE, a rancher at Nye, spoke in opposition. See Exhibit 14.

REP. ELLISON closed on the bill.

During questions from the committee, REP. ROTH asked if there are positive impacts. REP. ELLISON said the collection of taxes.

Natural Resources
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Page 5

REP. ROTH asked REP. MARKS how he felt about MR. SHANAHAN'S amendments and proposed bill. REP. MARKS said he did not have a problem with most of the amendments. One thing he felt quite strongly about, however, was the fact that the board must have authority to act.

REP. HARP asked if some of the people working at this new plant would be residents of Big Timber already and thus not raise the population as much as anticipated. MR. TULLEY replied that the unemployment rate in Big Timber is nonexistent so a plant that employs 500 people will make an impact.

REP. BERTELSEN asked MR. SHANAHAN if there is an objection to companies paying 100 percent of the impact. The answer was that the companies ask that it be done with a bond method so they get a tax credit.

The hearing on HB 718 closed.

EXECUTIVE SESSION HOUSE JOINT RESOLUTION 32 REP. QUILICI moved DO PASS. It PASSED.

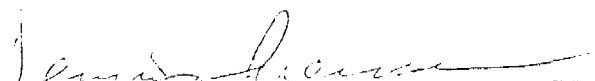
HOUSE JOINT RESOLUTION 40 REP. NORDTVEDT moved DO PASS. It PASSED.

HOUSE JOINT RESOLUTION 42 REP. BROWN moved DO PASS on an amendment adding "commercial". The motion PASSED with REP. SALES opposing.

REP. BROWN then moved DO PASS AS AMENDED on the resolution. It PASSED with REPS. ROTH and SALES opposing and REP. NORDTVEDT abstaining.

The meeting adjourned at 2:40 p.m.

Respectfully submitted,



DENNIS IVERSON, CHAIRMAN

Ellen Engstedt, Secretary

VISITORS' REGISTER

HOUSE NATURAL RESOURCES COMMITTEEBILL HB 718Date 2/20/81SPONSOR ELLISON

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
Trenton	Big Timber		X	
Andy Embo	Big Timber	City-County Planning	X	
Jim A Tulley	Big Timber	City, Grade School	X	
Bill Hawk	Dillon	Working Assoc	X	
Franklin Grosfield	Big Timber	S.B. Preservation Ass'n	X	
Don Chubb	Big Timber	cc. Chubb & Co.	X	
WARD SHANAHAN	Helena	Stillwater RGM	amend X	
Conrad Fredricks	Big Timber 1117	Sweet Grass County	X	
Miles Keady	Nye Mt.	Rancher		X
Arthur G. Donath	Nye	Rancher		X
Tom Kelly	Columbus	Stillwater County		
Pete Story	Emigrant, Mont	Senate Dist. 31	X	
Jan McDaniel	Laurel	HB 722	X	
Bill Stenbagen	Helena	Northwest Mining Ass'n	X	
ED WEBBER	BIG TIMBER	SOLE	X	
George R. Johnson	ASSISTANT, Helena	AG ARCO	X	
Mike Steph	Helena	MHC	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

The Big Sky Country



MONTANA STATE HOUSE OF REPRESENTATIVES

Rep. Jean McLane
House District 72
Box 190
Laurel, Montana 59044
Phone: 628-6397
Capitol Station
Box 136
Helena, Montana 59620
Phone: 449-4800

Committees:
Agriculture,
Judiciary,
Fish and Game
Select Committee on Water

Mr. Chairman and members of the Committee:

I'm Jean McLane, House District 72 - Stillwater and
Yellowstone Counties.

House Bill 718 is an attempt to provide needed
assistance in the area of the Stillwater Complex for
impact.

I have a folder of 450 plus names signed on
petitions from ranchers and businessmen in Stillwater
County that are in favor of the development.



The Big Sky Country

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Committees
Agriculture,
Judiciary
Fish and Game
Select Committee on Water

REPRESENTATIVE McLANE STATEMENT on HOUSE BILL 718

I strongly urge the committee pass HB 718 in its present form. HB 718 provides for front end impact funds for communities where large scale developments in hard-rock mining occur.

The Hard-Rock Impact Board has authority to require developers to put up two-thirds of the direct impact costs or to accept other available grants. One third of the impact costs can be assured through the sale of bonds which would be retired by interest from the Resource Indemnity Trust Fund.

The bill provides impact money in a manner which will allow mining to occur without prohibitive taxes.

Please carefully study the bill and give it a "do pass" recommendation.

WITNESS STATEMENT

Name Andrew C. Enple Date February 20, 1981
Address P.O. Box 1052, Big Timber, MT 59011 Support ? Y
Representing City- County Planning Office Oppose ?
Which Bill ? House Bill 718 Amend ? X

Comments: If residents of Sweet Grass County don't get the sort of impact assistance that would be provided by Mr. Ellison's bill, we will be faced with dramatically higher taxes in the event Stillwater FGM Resources mines as they have proposed in the East Boulder Valley.

I have conducted a study estimating just what the probable impacts would be, and in the Big Timber Grade School District alone, total taxes would increase by 65% as a result of the mining. I doubt if there's anyone in this room that could afford a 65% increase in their property taxes.

Other sources of impact assistance that are currently available simply would not be adequate in our case. Three years prepayment of property taxes would not be adequate since we are likely to be faced with twenty years of higher taxes, not just three. Special school laws that allow for bond issues in excess of the maximum amount normally allowed would not solve the problem that arises when impacts occur outside of the District that receives the increased taxable valuation.

House Bill 718 would insure that the impacting company assume the responsibility for higher costs of local government. However, I would encourage the Committee members to consider strengthening the bill even further in the following manner.

First, give the impacted communities more power in the approve or disapprove decision making process. Currently, the bill requires that the impact board only "consult with the local governments as to the adequacy of the impact statement" made by the company. I believe that if the local governments feel that the company's impact mitigation plan is inadequate, the permit to mine should not be granted by the Board.

Second, I would urge the committee to raise the level of company responsibility from 66% to 100% of the impact costs. It seems only fair that the impacting entity should be responsible for the entire cost of impacts rather than only a fraction thereof.

With these strengthening measures, ^{and with the passage of a severance tax bill in the Senate,} House Bill 718 will provide residents of impacted areas with assurance that they will not be burdened with higher taxes as a result of hard rock mining impacts.

Please leave prepared statement with the committee secretary.

ESTIMATED IMPACT
ON
STILLWATER COUNTY SERVICES

February 5, 1981

Prepared By
Kelly Land Surveying and Consulting

R. 17 E.

R. 18 E.

R. 19 E.

R. 20 E.

R. 21 E.

R. 22 E.

STILLWATER COUNTY

T. 4 N.

T. 3 N.

T. 2 N.

T. 1 N.

T. 1 S.

T. 2 S.

R. 14 E.

R. 15 E.

R. 16 E.

CUSTER

NATIONAL

FOREST

PARK CO

CARBON CO

GOLDEN VALLEY CO
SWEETGRASS CO

YELLOWSTONE CO

GOLDEN VALLEY CO

HW 78

HW 419



Proposed
Hard Rock
Mining

SWEETGRASS CO

108°00'

45°30'

108°00'

108°00'

Limestone Butte

Pyramid Mtn

Twin Peaks

Island Lake

Mythic Lake

Froze-To-Death Mtn

Big Yr

Reed Point

Fishtail

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~~Absarokee~~
Situation Statement
Rough Estimates

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Estimated Projected Impact
on
Stillwater County Services

The following report is an estimated projection of impact on county services resulting from an anticipated hard rock mining operation located in southern Stillwater County.

It should be noted that these projections were made based on preliminary data supplied by the Anaconda Company. The data reflects rough estimates, thus the projections should also be considered preliminary at this time. As more concrete data is supplied, these projections will fluctuate to reflect the updated figures.

Note: The figures found throughout this report regarding the projected needs were formulated using "EPA Action Handbook, Managing Growth in the Small Community." The multipliers were formulated by the consulting firm of Briscoe, Maphis, Murray and Lamont, using numerous studies undertaken during mining operations found throughout the Rocky Mountain area. (4)

The following projections were made using "Anaconda Worker Profile - Operation Phase as of 1-26-81".

Anaconda Workers

"Construction"

200 Construction work force.(1)

170 New workers in Stillwater County if you assume 15% of the 200 construction workers will come from within existing county work force.(4)

75 Assuming 44% of the construction workers will be single or married but did not bring family to Stillwater County.(4)

294 Assuming 56% of the construction workers will be married with an average family size of 3.09⁽⁶⁾ plus they bring their families to live in Stillwater County.(4)

102 Service workers will be generated by the 170 construction workers (0.64 of the work force).(4)

15 Assuming 15% of the 102 service workers will be single.(4)

268 Assuming 85% of the 102 service workers will be married with an average family size of 3.09.(4)

652 Total added population from construction phase.(4)

Anaconda Worker Profile

Operation Phase as of 1-26-80

198 Full time employees.(1)

Hourly Employees

Skill level

1 - 2	No skills necessary	38
3	Some mining skill necessary	16
4 - 5	Experienced labor (miners, electricians, etc.)	<u>101</u>
	Total	155

39 or 25% has potential to be supplied by local work force.

Salary Employees

Shift foreman	21
Accounting, engineers, safety, purchasing, clerical, administrative, etc.	<u>22</u>
Total	43

11 or 25% has potential to be supplied by local work force.

Anaconda Workers

"Operation"

- 198 Full time employees.
25% of 198 has potential to be filled by local people.(1)
- 148 New workers in Stillwater County if you assume 25% of the 198 full time employees will come from within the existing county work force.(4)
- 22 Assuming 15% of the 148 workers will be single.(4)
- 389 Assuming 85% of the 148 workers will be married with an average family size of 3.09.(6)
- 222 Service workers will be generated by the 148 new workers (1.50 of work force).(4)
- 33 Assuming 15% of the 222 service workers will be single.(4)
- 583 Assuming 85% of the 222 service workers will be married with an average family size of 3.09.(6)(4)
- 1027 Total added population from operation phase.(4)

Pertinent County Statistics

Population (2)

	<u>1970</u>	<u>1980</u>	
Stillwater County	4632	5383	16.2% increase
Columbus Area	1351	2330	72.5% increase
Absarokee Area	1234	1358	10% increase

Existing Family Size (2)

Stillwater	2.66
Columbus	2.57
Absarokee	2.43

During the construction period of the hard rock mining project, Stillwater County's population would increase to 6035 people or a 12% increase in county wide population.

More significantly, the increase in the Absarokee area would be from 1358 to 2010. An increase of 48%.

During the operations period of the hard rock mining project, Stillwater County's population would increase from 5383 to 6410, a 19% increase.

Assuming the work force will live in the Absarokee area, the increase would be from 1358 to 2385, a 76% increase.

Construction worker profile shows the average family size to be 3.09. This would be an 86% increase over the average family size now living in Stillwater County.

The following sections in this report deal with County services. The Absarokee School District and the Stillwater County Sheriff's Office have assembled their own assessments and thus will not be addressed in this report.

Road Department

Montana State Highway 78 and Stillwater County Highway 419 are the major roadways which would be used to carry the traffic resulting from the hard rock mining operation south of Nye.

Traffic volume on these highways were supplied by the Montana State Highway Department. (5)

	<u>Year</u>	<u>Vehicles per day</u>
Marker between Absarokee and Fishtail turnoff on Highway 78	1980	900
Marker between Fishtail junction and Fishtail on Highway 419	1980	580
	1979	540
	1978	Not Available
	1977	Not Available
	1976	380
Marker two miles south of Fishtail	1980	470
	1979	480
	1978	250
	1977	Not Available
	1976	340
Marker at Dean	1980	260
	1979	250
	1978	200
	1977	520
	1976	470
Counter at Nye	1980	260
	1979	230
	1978	210
	1977	Not Available
	1976	Not Available

Note should be made that during the years of 1976-1977 chrome trucks were hauling ore from Nye to Columbus.

Montana State Highway Department estimates that for every dwelling unit, 5 to 7 vehicle trips will be generated per day from each dwelling unit. (5)

"Construction Phase"

If you assume that the 170 new workers plus 102 service workers live in southern Stillwater County an additional 1360 to 1904 vehicles trips per day will be added to Highway 419.

"Operations Phase"

If you assume that the 148 new workers plus 222 service workers live in southern Stillwater County an additional 1850 to 2590 vehicle trips per day will

added to Highway 419.

Note should be made that the above figures do not reflect vehicle trips generated by the mining operation itself or the possible ore trucks on the road if the mill site is located away from the mine site. County roads are the only suitable transportation route if the mill site is not located at the mine site.

Stillwater County presently has 13 members on the road department crew with approximately 1100 miles of county road that is presently maintained.

Existing Road Conditions:

Reports from both Montana Highway Department and Stillwater County Road Department verify that the existing Highway 419 is deteriorated and unsafe. Considering the projected increases in traffic volume, a new road or major repair work will be a must if the hard rock mining project proceeds.

Solid Waste

Presently Stillwater County has a county wide solid waste district. The system is operated by the county and is better known throughout the area as the "green box" system.

Using the projected population figures generated by the mining, the solid waste system would have to handle the following:

Presently "one person" in Stillwater County generates 18 gallons of uncompacted solid waste per week. One green box will hold 800 gallons of uncompacted solid waste.(9)

"Construction Phase"

With the 652 new people, Stillwater County will have to add an additional 15 green boxes to the system.

"Operation Phase"

1027 new people will add an additional 23 green boxes to the system.

The existing truck being used by the county will handle 34 boxes per trip. Although the existing equipment should be able to handle the additional load, it should be pointed out that the increased number of boxes will create additional route time. The route time in Stillwater County is used to calculate maintenance costs, salaries, and replacement costs throughout the system. One can assume that maintenance costs will go up, salaries will increase with more personnel added and the replacement of major equipment will have a shorter life expectancy.

Note should be made that the solid waste generated from the mining operation has not been addressed in this report.

Welfare

The Stillwater County Welfare Department has provided the following information concerning operations in Stillwater County:

The social worker in the county handled 111 cases in 1980 compared to 81 cases in 1979 and 89 cases in 1978. The social worker should be handling a maximum of 60. Because of overload of cases the effectiveness and efficiency of the social workers are limited. If any additional cases were to be referred to the Social Services area of the Welfare Department, Stillwater County would have to hire another social worker. This would also mandate that the Homemaker and Social Services Aid be increased from part time to full time.(9)

The general relief programs in the Welfare Department have increased from 183 cases in 1978, 185 cases in 1979 to 249 cases in 1980. Present welfare staff and budget are handling the existing case load. Areas of concern, however, should be noted. Aid to Families with Dependent Children has the possibility of increasing if the hard rock mining project opens up.(9)

Other areas of relief would also be subjected to strain if large layoffs, strikes or mining operation shut-downs would occur.

Courthouse Offices

In assessing the probable impact on the offices in the courthouse an interview with the department heads provided the following information. (9)

Clerk and Recorder Office:

At present this office is understaffed and they are presently formulating efforts to hire an additional person. With the extra person they should be able to handle any additional work load.

Treasurers Office:

At present they are operating at full capacity. They feel any additional population increase may necessitate a part time person to help out during peak times during the year.

Sanitarian:

Plans are presently underway to make the existing part time sanitarian into a full time position. Even working full time this office would need additional help during construction phase for supplying dwelling units for the projected mining personnel.

Land Use Planner:

This office should be able to withstand the impact. This could be accomplished by redirecting priorities and projects.

The remaining offices found within the courthouse said they should be able to handle the projected growth. These include Library, Superintendent of Schools, County Extension Office, and Clerk of District Court.

Support Services Not Controlled

by

Local Government

Housing

Current housing conditions as listed by the Bureau of Census. (2)

	<u>Housing Units</u>		
	<u>1970</u>	<u>1980</u>	
Stillwater County	1959	2683	37% increase
Columbus Area	534	1058	98.1% increase
Absarokee Area	669	915	36.8% increase

Housing Vacancy Rate 1980

	<u>Houses</u>	<u>Vacant</u>	
Stillwater County	2683	661 (7)	24.9% vacant

*The vacancy rates indicated reflect both vacant houses in the county plus seasonal homes that do not have year around occupancy.

Dwelling units that will be needed:

Assuming the workers will live in the Absarokee area, the following indicates the number of dwelling units needed.

"Construction Phase"	117 (4)
"Operation Phase"	231 (4)

Fire Protection

Fire protection in south Stillwater County consists of the Absarokee Volunteer Fire Department. This Department has two units, one located in the Town of Absarokee and the other located in the community of Nye.

Absarokee Unit- The fire protection in the Town of Absarokee has the benefit of a centralized water system plus fire equipment to get a class seven fire protection rating from the fire insurance organizations. This unit also has the capacity to carry 2350 gallons of water, plus two pumper units to fight fires outside the Town Of Absarokee.

Nye Unit- This unit does have the benefit of a centralized water to draw from, however, they can carry 1300 gallons of water plus they have one 500 gallon pumper unit. The fire insurance groups have rated this area as a class nine.

Looking at the fire protection in south Stillwater County, one has to look at both units because they complement each other. The men in both areas have excelled in fire training. The fire chief feels that through cooperation of both units that a fire truck can be at any fire in the district within 15 minutes. It is the feeling that the fire protection in south Stillwater County is more than adequate and should be able to handle any additional influx should the hard rock mining project become a reality.

Medical

Stillwater County's medical environment appears to be in good condition at the present time. Presently we have three medical doctors, one eye doctor and three dentists in the county. The Stillwater Community Hospital has 27 beds and has an occupancy rate of 35 - 40%.

The American Medical Association states that rural areas should have a doctor/citizen ratio of one doctor per 2500 people. Stillwater County has one doctor per 1794 people. well under the recommended ratio stated by the A.M.A.

During the construction phase of the hard rock mining project we would continue to be below the recommended doctor/citizen ratio. However, during operation phase the number of county residents would surpass the ratio and could put a strain on the existing doctors.

HB 718 - Testimony of Franklin Grosfield

Mr. Chairman, members of the committee, my name is Franklin Grosfield, I'm a rancher from Sweet Grass County and I'm representing Stillwater County Agricultural Legislative Association, Sweet Grass County Preservation Association, the Park County Legislative Association and the Agricultural Preservation Association. These four organizations would like to go on record in support of HB 718.

As you know, we are facing the possibility of a fairly large mining operation in the Stillwater Complex. Our concern is that a sudden influx of people will place demands on our publicly funded services which could not be financed by the impacted entities.

The counties involved are now basically agricultural and as such are heavily dependent on the property taxes paid by farmers and ranchers. As one of the ranchers I can testify that I'm already paying about all the property tax I can handle. I've had years when Sweet Grass County made a lot more dollars from my ranch than I did.

So I think you can see that I'm not anxious to see the mining companies or anyone else come in and rip off the ranchers with impacts that result in higher taxes.

But it seems to me that the other side of that same coin is that neither should the ranchers be allowed to rip off the mining companies in the form of taxing them substantially beyond the impacts that they cause.

In my opinion, HB 718 is a reasonable and balanced approach that is fair to the mining interest, to agriculture, to the local communities and to everyone else.

I would like to thank Representative Ellison for the effort that he is making on this bill and urge your support of HB 718.

Gentlemen:

My name is Dale Oberly and I live in Big Timber Montana. I am the president of the Sweet Grass County Chamber of Commerce and one of the organizers of the newly formed Citizens Advisory Council. I am also the publisher and owner of the Big Timber Pioneer our community's weekly newspaper.

My testimony will be short and to the point. Representing the Chamber and the newspaper and reflecting what I believe to be the prevalent sentiment of the majority of the people from Sweet Grass County I strongly endorse the concept of our Representative Erval Ellison's bill.

Our community is desperately in need of legislative help to financially meet the impacts we expect to face. Representative Ellison's bill is a step in the right direction. I urge you to consider our precarious situation when you discuss this piece of legislation.

HB 718 - Testimony of Ole Oiestad

My name is Ole Oiestad. I am a rancher and small businessman. As County Commissioner, I represent the Board of County Commissioners of Sweet Grass County and I feel I can safely say the large majority of the residents of Sweet Grass County are in favor of House Bill 718.

We are facing in the future a large scale impact from hardrock mining in the Stillwater Complex. It will result, in all projected figures, as a near doubling of the population of Sweet Grass County.

We are presently at our taxing authority limits on General funds, ambulance, road and bridge funds as well as the bonded indebtedness of Sweet Grass County High School district. Substantial monies will be needed to fund an impact of the scale we are faced with.

We presently have an agricultural tax base that is stretched to its limits and we in no way can fund an impact as large as this.

There is presently no method of requiring the impacting entities to fund the necessary monies.

We are desperate for a means of readily available funding our growth, which may begin before the next meeting of the legislature.

House Bill 718 represents a bill in this session available to guarantee us funding.

The mining companies involved in the project that affects Sweet Grass County have offered some help, but in the limited communication we can get with them we are assured of nothing. We have no guarantees as to their level of help or if we will receive any at all. We must have legislation this session that will give us that guarantee.

House Bill 718 is a fair bill both to the mining companies as well as the people of our community.

The companies in essence are not paying more than their share of the impact if they were truly interested in the welfare of the people affected. In recent conversations with mining representatives I have heard what they will do for an impacted area, but we have had no communication outside of a vague letter in the last three months. We cannot enter an impact of our size with only the words of an uninvolved mining company as a source of funding. It is imperative that we are guaranteed the readily available funding source that this bill provides.

I would think that if the mining industry is truly sincere in their obligations they would also support this bill.

Mr. Chairman, Ladies and Gentlemen of the committee, we urge you to adopt House Bill 718.

TESTIMONY OF CONRAD B. FREDRICKS, SWEET GRASS COUNTY ATTORNEY,
REGARDING HOUSE BILL NO. 718

It is obvious that large-scale hard-rock mining will have an impact on law enforcement in Sweet Grass County.

Attached hereto is a copy of an article which I wrote which was recently published in the Big Timber Pioneer, a newspaper published in Sweet Grass County. I believe that it pretty well sets forth the problems which I foresee with regard to law enforcement based on the level of personnel projected by the mining company in their Sweet Grass County mining operation.

Not only will capital expenditures be required, but also there will be on-going increased money requirements for personnel, equipment, and other operational expenses.

I appear in support of House Bill No. 718 and urge the Committee to give it a "do pass" recommendation. It is not the entire solution to the problems which I foresee, but is certainly a step in the right direction, particularly if adequate moneys are available from the resource indemnity trust account.

CONRAD B. FREDRICKS

It is obvious that one of the most pressing needs, and one which is extremely pressing right now, will be a new jail. The jail is inadequate for present needs and is short of minimum standards for jails at the present time, and would be almost useless in the event of any significant population increase. Ventilation is inadequate, shower and other sanitation facilities are minimal, prisoner monitoring facilities, both audio and visual, are non-existent, segregation and isolation of prisoners is difficult, and there are no facilities for prolonged detention of either female or juvenile prisoners. There is no adequate space for prisoner interrogation or for prisoners to meet with legal counsel or other visitors and security is difficult. There is no really suitable space for conducting line-ups, for criminal identification procedures, such as taking "mug shots" and fingerprinting, and for video-taping except in the stream of flow of the public in the main reception room of the Sheriff's office. There is no facility for adequately handling the prisoner who is intoxicated by alcohol or other drugs.

It is my opinion that a new public safety complex is needed, not only to provide more adequate jail facilities, but also to provide more space for all law enforcement and other public safety functions. The non-custodial functions of the Sheriff-Police Department are extremely crowded and cramped into inadequate space.

It is my recommendation that a complex be planned and built which would house and have in one place all public safety agencies: sheriff-police, fire, ambulance and civil defense. All of these will require some expansion, to a greater or lesser degree, if we have a significant population increase. We need such a facility now and it is imperative that we have one at hand before there is a substantial popu-

lation increase.

It is obvious from talking with law enforcement personnel in Wheatland, Wyoming, that there will be an increase in law enforcement problems as a development impact, particularly during the construction phase. For some reason they couldn't pinpoint, they noted an increase in law enforcement problems with the local townsfolk as well as the increase caused by new residents. A substantial portion of the problems generated by the new residents involved family disturbances and alcohol-related offenses, attributable, they felt, to the transient life-style of the construction workers.

It is therefore obvious that a staff increase, with qualified personnel, in the Sheriff-Police Department, with an increase in related support expenses, will be required. As pointed out heretofore, the present facilities are crowded now and more room will be needed for an increased law enforcement staff.

Also, it is obvious that increased law enforcement activity will generate a need for increased support in the prosecutor and court fields. As law enforcement problems increase, so will prosecutions and court workload. Provision will have to be made to handle this, including increased costs of juries and other court administration, as well as, perhaps, additional courtroom facilities.

It should be quite clear that, if we are not to have an intolerable situation in law enforcement and related services in case of rapid and substantial population growth, money will have to be found outside of existing taxing channels to meet the above-mentioned needs. These and other impacts cannot be handled with our present tax base. We must be in a position to meet these needs when they arise, and not wait for months or even years to meet them.

We have to have the up-front money to handle these impacts, either by forcing the impacting entity to provide the money as a precondition to commencing its operation, or by providing impact funds through taxation of non-renewable resources, such as a severance tax. Allowing governmental units to borrow the funds, to be paid back later, is only postponing the impact to a later date, and is no solution where the governmental authority is at the limit of its taxing authority already.

It only seems appropriate to have the entity causing the impact pay for the impact, rather than having those who are impacted pay for the impact.

EXHIBIT 2

WITNESS STATEMENT

Name JAMES A. TULLEY Date Feb. 20, 1981
Address P. O. Box 700, Big Timber, MT 59011 Support ?
Representing City of Big Timber & School District #1 Oppose ?
Which Bill ? HB 718 Amend ? X

Comments:

Our problem in School District #1 results primarily from the fact that most of the added population will reside within district boundaries, yet most of the added tax base will be found outside the district. We get the additional kids to educate but we do not receive the additional funds with which to provide and supply the extra classrooms and pay the additional salaries.

Most of the new construction within the district will be residential. Residences simply do not pay their way as far as school taxes are concerned. The average cost per student of Class B elementary districts within the state for this year amounts to \$1,658.00. Very few residences in this state will contribute even one-fifth that amount to the elementary district. And many residences will house, 2, 3, 4 or more students. A district must look to industrial property to make up the difference. But when the industrial property is outside the district, we have a serious problem.

Granted, county equalization will help and increased enrollments will bring increased foundation payments from the state. However, over one-third of our general fund budget comes from district levies, and if district valuations fail to keep pace with district costs, then every taxpayer must dig a little deeper just to maintain the status quo.

Keep in mind too that \$1,658.00 represents only the cost of operations per student. It does not include capital costs. We are faced with enrollments of 450 students over capacity of our present facility. County equalization and foundation programs do not help defray capital costs. The cost of a new building must be paid completely out of district levies. Yet we do not get the tax base increase to make that kind of increased payments.

Lobbyists for the industry tell us that mining is beneficial because it brings jobs and increased tax base. Since Big Timber has no appreciable unemployment now, more jobs mean more people and more children to be educated. Yet the tax base increases occur primarily outside our district. Unless something is done by the legislature to guarantee that the funds are there to meet the needs, mining will be anything but beneficial to Big Timber Grade School.

Please leave prepared statement with the committee secretary.

As written, the Ellison bill has certain deficiencies. Attached is a list of proposed amendments which would strengthen bill 718 to make it more responsive to the needs as outlined above. While I support the bill as it is written, it by no means provides a complete solution to our problem. By strengthening and passing this bill, together with passage of a reasonable severance tax bill, our community would be well protected when the mineral development does occur.

Section 1:

Add a new section 3 (e) - At least three of the members of the board shall reside in counties in which substantial mining operations are occurring or are proposed.

Section 10:

(2) In the impact plan submitted, the applicant shall commit itself to pay all of the necessary capital improvements required by the development and all of the anticipated increased cost to local government.

(3) At least 90 days prior to submission of the impact statement to the board, the developer shall deliver ten (10) copies of the statement to the board of commissioners in each affected county.

(4) Upon receipt of the statement from the developer, the board shall promptly notify the county, and the County Board of Commissioners shall have 30 days to object to the statement. If no objection is received, the plan shall be approved by the board. If the statement is approved, the board shall within 5 days notify the board of land commissioners of its approval. If the statement is rejected, the board shall provide the developer in writing with specific reasons why the statement is deficient.

(5) In the event the board receives an objection from the commissioners of the affected counties, the board shall conduct a hearing as to the sufficiency of the impact plan. The hearing shall be held in the affected county. The board shall adopt such rules of practice and procedure for the conduct of such hearing as will insure full participation and opportunity to be heard by all interested parties. The impact plan filed shall carry no presumption of validity at such hearing. Within 60 days following such hearing, the board shall make its findings as to the original impact plan and shall amend the plan as necessary. The board shall then adopt such plan as amended. Any party aggrieved by the decision of the board shall be entitled to seek judicial review of the decision in the district court in and for the judicial district in which the proposed development will take place.

Section 13:

(4) Compliance with Section 10 is not required for a development which would remove less than \$10,000,000. worth of metal annually.

WITNESS STATEMENT

Name ED WEBBER Date 2/20/81
Address Box 325 McLEOD, RTE, Big Timber - 59011 Support ? ☒
Representing SELF Oppose ? ☐
Which Bill ? H.B. 718 Amend ? ☒

Comments:

DUE TO THE PROJECTED MINING IMPACT, SWEETGRASS CO. WILL NEED THE FUNDING PROVIDED BY H.B. 718. UNFORTUNATELY, H.B. 718 WILL ONLY ADDRESS THE INITIAL IMPACTS AND NOT THE CONTINUING OR SHUT DOWN IMPACTS, AND MAY BE INSUFFICIENT TO HANDLE ALL OF THE INITIAL IMPACTS.

WITH THIS IN MIND, I WOULD LIKE TO SEE H.B. 718 AMENDED TO INCLUDE PROVISIONS FOR ALL DIRECT IMPACTS. SWEETGRASS COUNTY TAXPAYERS SHOULD NOT BE FORCED TO SUBSIDIZE MINING THROUGH HIGHER TAXES. AS A RANCHER AND SMALL BUSINESSMAN, IT WILL BE DIFFICULT TO SURVIVE ECONOMICALLY IF TAXES INCREASE, WHICH THEY UNDOUBTEDLY WILL WITHOUT H.B. 718 AND OTHER FUNDING. WHILE WE ARE NOT IN OPPOSITION TO MINING DEVELOPMENT IN SWEETGRASS CO., IT IS OUR CONTENTION THAT THE DEVELOPING CO.'S SHOULD BE FINANCIALLY RESPONSIBLE FOR ALL IMPACTS CAUSED BY THEIR ACTIVITIES.

Please leave prepared statement with the committee secretary.

PROPOSED HOUSE BILL 718 WITH AMENDMENTS

A BILL FOR AN ACT ENTITLED: "AN ACT TO CREATE THE HARD-ROCK MINING IMPACT BOARD; TO REQUIRE MINERAL DEVELOPERS TO SUBMIT AN ECONOMIC IMPACT PLAN TO THE BOARD; TO AUTHORIZE THE BOARD TO ISSUE BONDS AND AWARD GRANTS TO IMPACTED UNITS OF LOCAL GOVERNMENT; AND TO PLEDGE THE EARNINGS OF THE RESOURCE INDEMNITY TRUST FUND TO PAY FOR THE BONDS ISSUED BY THE BOARD; TO PROVIDE PENALTIES; TO AUTHORIZE SPECIAL FINANCING AUTHORITY FOR SCHOOL DISTRICTS AND COUNTIES; TO PROVIDE TAX CREDIT: AMENDING SECTIONS 15-16-201, 15-38-202, 20-9-407, AND 82-4-335, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Hard-rock mining impact board. (1) There is a hard-rock mining impact board. (2) The board consists of five members appointed by the governor- and shall include the superintendent of public instruction and the director of the bureau of mines and geology.

(3) The governor shall select the other members of the board from a panel recommended by the leaders of the senate and the house of representatives. The panel shall include:

(a) two persons recommended by the president of the senate;

1 (b) two persons recommended by the senate minority
2 leader;

3 (c) two persons recommended by the speaker of the
4 house of representatives;

5 (d) two persons recommended by the minority leader of
6 the house of representatives.

7 (4) The term of office for each board member is 4
8 years except that two members of the original board shall
9 serve 2-year terms thereby achieving a staggering of terms.
10 The members serving the 2-year terms will be selected by lot
11 at the first meeting of the board.

12 (5) The board may not include more than three persons
13 recommended by persons of the same political party.

14 (6) A vacancy shall be filled by appointment by the
15 governor and the person appointed shall serve for the
16 unexpired term of the member who vacated.

17 (7) Unless he is a full-time salaried officer or
18 employee of this state or of a political subdivision of this
19 state, each member is entitled to be paid \$50 for each day
20 in which he is actually and necessarily engaged in the
21 performance of board duties and he is also entitled to be
22 reimbursed for travel expenses, as provided for in 2-18-501
23 through 2-18-503, incurred while in the performance of board
24 duties. Members who are full-time salaried officers or
25 employees of this state or of a political subdivision of

1 this state are not entitled to be compensated for their
2 service as members but are entitled to be reimbursed for
3 travel expenses as provided for in 2-18-501 through
4 2-18-503.

5 (8) A majority of the membership constitutes a quorum
6 to do business. A favorable vote of at least a majority of
7 all members of a board is required to adopt any resolution,
8 motion, or other decision unless otherwise provided by law.

9 NEW SECTION. Section 2. Declaration of necessity and
10 purpose. The large-scale development of mineral deposits in
11 the state causes an influx of people into the area of the
12 development many times larger than the number of people
13 directly involved in the mining operation. This influx of
14 people and the corresponding increase in demand for local
15 government services creates a burden on the local taxpayer.
16 There is a significant lag time between the time when
17 additional services must be provided and the time when
18 additional tax revenue is available as a result of the
19 increased tax base. There is therefore a need to provide a
20 system to assist local government units in meeting the
21 initial financial impact of large-scale mineral development.

22 NEW SECTION. Section 3. Definitions. In [section 2
23 through section 11] the following definitions apply:

24 (1) "Board" means the hard-rock mining impact board
25 established in [section 1].

1 (2) "Bonds" include bonds, notes, warrants, debentures,
2 certificates of indebtedness, temporary bonds, temporary notes,
3 interim receipts, interim certificates, and all instruments
4 or obligations evidencing or representing indebtedness or
5 evidencing or representing the borrowing of money or
6 evidencing or representing a charge, lien, or encumbrance
7 on specific revenues, special assessments, income, or pro-
8 perty of a political subdivision, including all instruments
9 or obligations payable from a special fund.

10 (3) "Large scale mineral development" is a development
11 which will employ on an average annual basis at least 100
12 people in construction of facilities or operation of the
13 mines and which will create a substantial adverse impact on
14 existing state, county or local government.

15 ~~(3)~~ (4) "Local government unit" includes a county,
16 city, town, or school district.

17 NEW SECTION. Section 4. Chairman -- meetings --
18 facilities: -- procedure. (1) The board shall elect a
19 chairman from among its members.

20 (2) The board shall meet quarterly and may meet at
21 other times as called by the chairman or a majority of the
22 members.

23 (3) The department of community affairs will provide
24 suitable office facilities and the necessary staff for the
25 board.

1 (4) The provisions of the Montana administrative
2 procedure act shall apply to the determinations and
3 proceedings of the board.

4 NEW SECTION. Section 5. Hard-rock mining impact board
5 -- general powers. The board may:

- 6 (1) retain professional consultants and advisors;
- 7 (2) adopt rules governing its proceedings;
- 8 (3) issue bonds pursuant to [section 6];
- 9 (4) award grants to local government units subject to
10 [section 7];
- 11 (5) accept grants and other funds to be used in
12 carrying out this part.

13 NEW SECTION. Section 6. Authority to issue bonds.

14 (1) The board may issue and sell bonds of the state in such
15 manner as it considers necessary and proper to provide funds
16 to local government units impacted by mineral development.

17 (2) The full faith and credit and taxing powers of the
18 state shall be pledged for the payment of all bonds issued
19 pursuant to this part.

20 NEW SECTION. Section 7. Basis for awarding grants.

21 (1) Grants shall be awarded on the basis of:

- 22 (a) need;
- 23 (b) degree of severity of impact from mineral
24 deveopment;
- 25 (c) availability of funds,--and from tax prepayments

1 and other sources; and

2 (d) degree of local effort in meeting its needs.

3 (2) In determining the degree of local effort, the
4 board shall compare the anticipated millage rates needed to
5 meet the needs of the impacted local government unit to the
6 average millage rates levied by comparably sized local
7 government units in the state. The board may not issue bonds
8 to provide funds to local government units when their
9 anticipated millage rates are less than the average millage
10 rates levied by comparable local government units.

11 NEW SECTION. Section 8. Rate of interest on bonds to
12 be determined by the board. Bonds issued by the board shall
13 bear interest at such rate or rates as it shall determine.

14 NEW SECTION. Section 9. Limitation on bond issues and
15 interest rates. The bonds issued by the board and the
16 interest rates set by the board shall be fixed in such
17 manner that the maximum amount of principal and interest to
18 become due in any subsequent fiscal year on all outstanding
19 bonds must not exceed one-half of the average annual amount
20 expected to be available from the resource indemnity trust
21 fund to retire the bonds.

22 NEW SECTION. Section 10. Impact plan to be submitted.

23 ~~(1) Before-a-permit-is-issued-under-82-4-335, When an~~
24 application is filed pursuant to 82-4-335 and before a permit
25 is issued thereunder, the person seeking the permit shall